

Allen Quits as Adviser After Talk With Reagan

WASHINGTON — Richard V. Allen resigned Monday as President Reagan's national security adviser, the White House announced. Mr. Allen is expected to be replaced by William F. Clark, the deputy secretary of state.

Mr. Allen, who had been under investigation for possible ethics violations, conferred with Mr. Reagan in the Oval Office earlier Monday after meeting with Edwin Meese, 3d, the presidential counselor, to request a session with the president to defend himself.

The Oval Office session occurred after Mr. Reagan reviewed a "very thorough" study of Mr. Allen's conduct in office. The study was prepared by a member of the White House legal staff.

The study, the only apparent roadblock to Mr. Allen's dismissal, was finished Sunday and delivered to White House chief of staff James A. Baker 3d, according to Larry Speakes, the deputy press secretary.

Mr. Allen went on administrative leave on Nov. 29 after an inquiry began into disclosures that he had accepted \$1,000 from Japanese journalists who interviewed Nancy Reagan in the White House last January. A Justice Department investigation cleared Mr. Allen of criminal misconduct.

Sources said the role and functions of the national security adviser would be upgraded under Mr. Clark.

A few weeks ago, according to White House officials, Mr. Meese



Richard V. Allen

change that would be the first major personnel and management shift in his administration.

"Now Baker, Deaver and Meese will turn their attention to foreign policy issues only when they're ready for the president," said a White House aide. "Up to now, they've had to keep track of everything in the system. Using Ed Meese or Mike Deaver to make sure that all sorts of issue papers are developed has just not been a good use of their time."

Also implicit in the reported choice of Mr. Clark is that a consensus has emerged that Mr. Allen was a poor administrator. According to key aides, Mr. Baker and Mr. Deaver became convinced of this some time ago by Mr. Allen's disputes with Secretary of State Alexander M. Haig Jr. and by what they felt was his misreading of the Senate last fall in the effort to win approval of the sale of air surveillance equipment to Saudi Arabia.

Mr. Allen's problems with the Justice Department, which also cleared him of wrongdoing in accepting three wristwatches from Japanese associates, simply provided fresh material for Mr. Allen's critics to question his judgment. But the critics acknowledged that Mr. Allen had one asset that Mr. Clark did not have: experience in foreign policy matters. Mr. Clark, a former California judge and a close friend of Mr. Reagan's, acknowledged his lack of experience in Senate confirmation hearings last February.

FBI Has Not Confirmed Presence Of Any Libyan 'Hit Squad' in U.S.

WASHINGTON — If a Libyan "hit squad" entered the United States, the FBI has never confirmed it, according to bureau director William H. Webster.

Mr. Webster was asked if the reports of such a hit squad, supposedly assigned to assassinate President Reagan or other high-level U.S. officials, could have been planted to put the government "into a tizzy" or even make it "look somewhat silly." He replied, "That's always a possibility."

But the FBI director said Sunday in a television interview that bureau investigators "certainly had enough information and continue to receive enough information to require us to take appropriate investigative steps, and we will continue to do that." Publicity about the supposed threats, he added, made the job harder.

The story of the Libyan death plot is receding from the headlines, and the FBI's work may be getting easier. But within the government and on Capitol Hill there is a trail of bad feelings.

Key among them are suspicions that reports of the plot were publicized by some in the administration as part of an impromptu anti-Libyan offensive. Some officials and members of Congress feel that the publicity diverted attention from a proven threat — Libya's destabilization of countries friendly to the United States.

Concern Justified

Interviews with officials and lawmakers who received privileged briefings turned up a consensus of feeling that the White House was justifiably concerned over the intelligence reports of a Libyan-trained hit squad supposedly bound for the United States to kill the president or other high officials.

Beyond that, however, there was much disagreement. Some felt the evidence did not justify highly visible security precautions such as anti-sniper teams on the White House roof and decoy limousines in Washington.

One of the more critical voices came from within the administration, where complaints are heard that the White House counternarrative campaign that distorted the real Libyan danger in the world.

"We are very chagrined over the hype that was put on this by some inside the administration," said a high-level administration source. "We became the victims of our own ineptitude."

The official said he felt the episode could have damaged a long-term effort to enlist the support of European allies in a campaign to curb Libyan leader Moammar Qadhafi's attempted subversion of neighboring countries.

Policy Analysis

Ironically, a State Department study on Libya had just been presented to the White House when the story of the death plot came out in late November. That policy analysis paid little attention to the reported hit squad, concentrating on Col. Qadhafi's threats to neighbors such as Sudan, Chad and, ultimately, Saudi Arabia. It also envisioned some action by the United States and its allies.

Instead of those documented

EEC Ministers Warn Soviet Bloc, But Do Not Endorse U.S. Sanctions

BRUSSELS — Foreign ministers of the European Economic Community warned Soviet-bloc countries Monday not to intervene in Poland, but held back from endorsing U.S. sanctions against Moscow.

The ministers of the EEC's 10 member states said in a communiqué after a day of talks:

"This already serious situation would be further worsened if there should be an overt intervention by the Warsaw Pact. For this reason the 10 wish to address a solemn warning against any such intervention."

Belgian Foreign Minister Leo Tindemans, chairman of the EEC Council of Ministers, said: "Europe will do nothing in any area that might undermine U.S. actions since the military crackdown began in Poland on Dec. 13."

President Reagan barred high-technology exports and imposed other economic sanctions against Moscow last week, charging that Soviet leaders had instigated the Polish crackdown.

West German Chancellor Helmut Schmidt, who has expressed doubts about the value of West European sanctions, will meet Mr. Reagan in Washington on Tuesday, and the issue will be reviewed by NATO ministers in Brussels next Monday.

Mr. Tindemans said after the meeting that the EEC would continue to monitor the situation in Poland before making a final decision on joint actions.

He said that, during their meeting, the ministers received what he termed a "tragic" report of a meeting in Warsaw on Monday between ambassadors from EEC countries and the Polish premier, Gen. Wojciech Jaruzelski.

He declined to explain why he used the word "tragic." Dutch Foreign Minister Max van der Stoep said he was pessimistic about the Warsaw meeting because there appeared to be little movement by the Polish authorities toward lifting martial law.

Mr. Tindemans said that among the proposals discussed at the meeting were removal of financial credits and food aid to Poland, the sending of an EEC embassy to Poland to urge relaxation of military rule, and trade restrictions such as those imposed against the Soviet Union by President Reagan last week.

Italian Foreign Minister Emilio Colombo said that financial aid to



Foreign Ministers Max van der Stoep of the Netherlands, left, Claude Cheysson of France, Hans-Dietrich Genscher of West Germany and Leo Tindemans of Belgium at Brussels meeting.

Warsaw Reports Normal Return By Work Force

VIENNA — Polish workers returned Monday to the Baltic Coast shipyards and other factories shut since martial law began Dec. 13, and Poland's military regime said that conditions were normal.

Warsaw radio, monitored here, said that work had started in most sections of the Lenin shipyard in Gdansk, where the Solidarity trade union was started. Other departments are to start work again on Wednesday.

The shipyard was closed before Christmas by strikes in protest against the imposition of martial law.

The radio said schools throughout the country resumed regular classes Monday. Universities are to reopen for final year students and postgraduate studies on Friday.

The Communist Party newspaper, Trybuna Ludu, quoted by the radio, said Poland was untroubled by strikes or strike alerts for the first time for several months.

The business-as-usual broadcasts from Warsaw, however, contrasted with stories told by travelers of hopelessness and despair in Poland.

Travelers arriving in Vienna from Warsaw by train reported a mood of despondency in Poland's major cities, with severe food shortages persisting, despite official claims that conditions are improving.

The latest Solidarity bulletin, details of which reached the West from reliable sources in Warsaw, said that Poland's military rulers had turned the country into "one huge labor camp."

It said 14 miners had been killed when security forces "pacified" a coal mine in Jastrzebie, in southwestern Silesia, where the original miners' Solidarity charter was signed in September, 1980.

The report said there was increasing resistance within the army to the crackdown on Solidarity, that army and police units had clashed and that hundreds of army officers had turned in their Communist Party cards.

There was no way to check the accuracy of the information.

Warsaw radio said the first full working day of the new year began with all industrial plants and government offices in the capital region operating normally. The bus and streetcar system also was said to be functioning as usual.

Gdansk Work Force

Uncensored reports reaching Western capitals, however, quoted reliable sources in Gdansk as saying that only half of the work force had been reinstated at the shipyards when work resumed.

The reports, from Western journalists in Warsaw, linked this to the continued purge of Solidarity supporters and the refusal of workers to renounce their allegiance to the union.

Recent reports from Gdansk, Szczecin and other pro-Solidarity areas of Poland told of "ideological verification" campaigns conducted by local managers and Communist Party officials. Workers who were considered troublemakers were not allowed to return to their jobs, reports reaching the West said.

The reports said that there had been an increase in military activity on the streets of Gdansk Sunday in anticipation of the return to work.

On Monday morning, a column of armored personnel carriers drove up the main avenue in a show of strength that has not been seen since the early days of martial law.

At Warsaw's Bialoleka jail, meanwhile, 300 inmates were reported to be threatening a

For Wary Polish Regime, Buying Knapsack a Crime

VIENNA — Purchase of a knapsack is a criminal offense under Poland's martial law regulations, according to reports reaching the West. In order to hinder any organized resistance to the martial law regime, authorities also have banned the sale of tents, blankets, sleeping bags, shoulder bags, school notebooks, typing paper and writing paper.

The bans evidently are aimed at efforts by the remnants of the Solidarity union to form an underground organization to coordinate resistance to the regime.

Knapsacks are banned because Solidarity couriers use them to transport batches of their clandestine newsletters. One recent news bulletin from Solidarity urged all Poles who owned knapsacks to wear them, so that security officials would have greater difficulty finding the union's messengers.

Duplicating machines and other supplies that Solidarity uses are forbidden under martial law rules, which have outlawed all operations by the union. But recent reports from Poland indicate that Solidarity has retained some of its printing equipment.

Saudis Deny Readiness To Recognize Israelis

BAHRAIN — Saudi Arabia has officially denied published remarks attributed to its foreign minister, Prince Saud al-Faisal, that the kingdom is prepared to recognize Israel under certain conditions.

"There is absolutely no truth in what has been attributed to Prince Saud about the kingdom's recognition of Israel," the Saudi Arabian Foreign Ministry said Sunday night.

The New York Times quoted Prince Saud as saying in an interview last Wednesday that if Israel returned occupied Arab lands and recognized Palestinian rights, Saudi Arabia would be prepared to "accept it" — meaning Israel.

The Saudi statement, carried by the Saudi Arabian news agency said, "The prince in his interview had stressed the primary need for

In Nicaragua, Fears Lead to Virtual War Footing

By Warren Hoge
New York Times Service

GUASALE, Nicaragua — The bullet holes stitched into the sides of buildings at this border crossing into Honduras are not like those in so many parts of Nicaragua, traces of an old war. The Sandinista leaders say they fear they are the precursors of a new one.

Stepped-up attacks along the frontier by those presumed to be exiles bent on retaking Nicaragua are cited by the revolutionary government as one of the reasons for putting the country on a virtual war footing.

Almost every office in the capital city of Managua seems to have a desk vacated by someone away for two weeks of militia training. Communities across the country have set aside sports fields and civic plazas for evening drills.

"We are too poor to build a tremendous army, so we are trying to create a system where people are constantly passing in and out of the military," said Capt. Roberto Sanchez, the spokesman for the army. "It is not the size, but the morale and combat-readiness of our citizens that matters."

Memories of Past

Critics of the government once charged that the constant reminders of past "Yanqui" occupations of Nicaragua and summons to military preparedness against the threat of invaders were only designed to supplant the fading memory of Anastasio

Ghana Reports Former President Is Arrested at Police Checkpoint

ABIDJAN, Ivory Coast — The military rulers of Ghana on Monday arrested Hills Limann, the president who was overthrown in a coup Thursday night, Accra radio reported.

Monitored in Abidjan, the broadcast said that Mr. Limann was detained at a police barrier on the outskirts of Koforidua near the capital. Three persons identified as bodyguards were arrested at the same time.

The ruling Provisional National Defense Council, led by former Air Force Lt. Jerry J. Rawlings, told the deposed government officials on Sunday to surrender for their own safety. At least 27 officials, including four former cabinet ministers, have turned themselves in, Accra radio said Monday. The council, which has been

U.K. Ford Strike Put Off

LONDON — Negotiators for Ford Motor Co. Ltd.'s 34,000 manual workers decided to suspend the strike planned for Tuesday so that meetings can be called to consider a revised management offer, a Transport and General Workers Union official said.

The union's official said that the company had offered a 3.5% pay rise and a 1% bonus, but the workers wanted a 4% pay rise and a 2% bonus.

French Defense Official Set to Begin U.S. Tour

PARIS — Defense Minister Charles Hernu of France will arrive in the United States on Wednesday for a weeklong tour of military installations and meetings with U.S. defense and foreign affairs officials, the French Defense Ministry said Monday.

The French and American officials are expected to discuss "world trouble spots" and the possibility of expanding the two countries' limited cooperation on research and development of military equipment, French officials said.

INSIDE

Nuclear Limits

President Reagan's victory string on Capitol Hill was capped by congressional approval of his foreign aid bills, but in one important domain, that involving the spread of nuclear weapons, Congress not only refused to remove existing restrictions but also strengthened controls. A news analysis, Page 2.

Hello, Malcolm

President Reagan reportedly wants Commerce Secretary Malcolm Baldrige to become another Cabinet voice in nuclear weapons policy-making, in addition to Defense Secretary Weinberger, Page 3.

Goodbye, Dmitri

One of the least known of Washington's important people is expected to leave this month after a six-year assignment. Few know his name; he is Dmitri I. Yakushkin. Most sources agree he is head of U.S. operations for the KGB. Page 3.

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U.S. Congress Succeeds In Tightening Rules on Nuclear Arms Spread

By Judith Miller
New York Times Service
WASHINGTON — President Reagan's impressive string of victories on Capitol Hill was capped last month by congressional approval of his foreign aid bill, which contained several of his most urgent requests for greater flexibility in foreign affairs.

NEWS ANALYSIS

But in one important domain, that involving the spread of nuclear weapons, Congress not only refused to remove existing restrictions but also strengthened controls in the financing laws.

"The new nonproliferation measures significantly strengthen the nation's commitment to stopping the spread of atomic weapons and related technology to nonweapon states," said Sen. John Glenn, Democrat of Ohio, who is a member of the House-Senate conference that worked out details of the new provisions.

"We've made it clear that nuclear nonproliferation is a national, rather than a purely presidential concern," said Rep. Stephen J. Solarz, Democrat of New York, who is also a member of the conference.

In the realm of foreign policy, nuclear nonproliferation has rarely seized the attention of large numbers of Democrats or Republicans on Capitol Hill. But a small bipartisan group has come to view stopping the spread of nuclear weapons as a high priority. In the hurried closing days of the congressional session, they were able to tie future U.S. economic and military aid even more firmly to nuclear development abroad.

Indeed, the flurry of new nonproliferation provisions testifies to the influence that a few deeply concerned legislators and their staffs can have if they are willing to immerse themselves in the details of specialized policy issues.

Mrs. Marcos Calls Feud on Marriage Threat to Integrity

MANILA — Imelda R. Marcos, wife of the president, said Monday that the controversy erupting over an apparent kidnapping of a man who secretly married her daughter in the United States threatens the integrity of her family and the credibility of the Marcos government.

Tommy Manotoc, a 32-year-old sportsman, disappeared last Tuesday. His family has accused President Ferdinand E. Marcos and his wife, who did not recognize the marriage, of involvement in what authorities believe was an abduction.

Mrs. Marcos said she was convinced that the kidnapping was a plot by political opponents because the Manotocs are related to three prominent Philippine opposition leaders — two of whom are exiled in the United States and another who was accused in an alleged plot to assassinate Mr. Marcos a year ago. Mr. Manotoc's death, she said, would be "a traumatic" for her daughter.

Court records in Arlington, Va., confirm that Mr. Manotoc was married to the Marcos' eldest daughter, Imee, three last month, although questions have been raised about the validity of Mr. Manotoc's divorce from a previous wife.

SALES
NINA RICCI
BOUTIQUE
39, avenue Montaigne
17, rue François-I^{er}
Thursday January
7th, 8th and 9th
from 10:00 a.m.
to 6:30 p.m.

Amphiboles
COUTURE
Specialist in leather and suede garments.
271 rue Saint-Honoré, 75001 Paris
Tel.: 260.11.85

International Restaurant Guide

FRANCE
PARIS - RIGHT BANK
L'EUROPEEN Facing Gare de Lyon, 243-99-70. Daily from 11 a.m. to 2 a.m. Oysters, soups, traditional cuisine.
LE PETIT RICHE 1880 St. Pierre, Daily except Sun, 11 a.m. to 11 p.m. 120, 25 St. Pierre, 770.68.08. Oyster table.
PARIS - LEFT BANK
ASSIETTE AU BEURRE 11 Rue St. Germain/79, St. Germain-des-Prés, 260.97.41. Menu of Fr. 35.50 & Fr. 42 & 44 & 46. Daily all night.
GREECE
ATHENS/PSYCHICO
10, D. Vasilou, New Psychiko (4 km. north of Athens). Greek food, charcoal grill, fish, taverna. Daily 8:15 p.m.-2 a.m. Closed Sun. Tel. 671.3997.

Papandreou Sets Reforms In Economy

State Banks May Run Troubled Companies

ATHENS — Socialist Premier Andreas Papandreou has announced sweeping economic measures designed to help the ailing Greek economy, but says his administration will not nationalize key industries.

Troubled industries considered not worth saving through injections of new capital would either be forced to close or face a takeover by state-controlled banks.

He said major industries not under state control would be assisted in management areas and economically to conform with his government's policies.

Mr. Papandreou was swept into power in October on a platform of socializing — his term for nationalizing — major private industries. He also promised widespread reforms in the social field and more independent foreign policy, along the lines of that of the new French Socialist government.

In a nationally televised address, Mr. Papandreou emphasized that his government welcomed foreign investment and private enterprise "as long as these were in the national interest."

He said foreign investments to be encouraged under the new economic reforms are those that "created new jobs, protected the environment, promoted exports and brought in new technology."

Touching on the lower income groups, Mr. Papandreou said his government would further ease their financial burden by readjusting the income tax scale.

The government appointed Monday new heads of the army, navy and air force and a new chief of general defense staff as part of an annual review of the country's military leaders, Reuters reported.

After a meeting of the Supreme Defense Council, presided over by Mr. Papandreou, who is also defense minister, it was announced that Adm. Theodoros Deynannis was appointed chief of the general defense staff, replacing Gen. Agapemon Gratsios, who was retired. Adm. Deynannis was previously head of the navy.

Administration officials said that the full policy ramifications of Congress's actions are yet to be completely understood, since the complex measures were drafted in a legislative frenzy in the rush to adjourn. But State Department and arms control officials agree that the new restrictions are likely to result in less flexibility for the president and greater congressional involvement in international nuclear trade and related issues.

The officials noted, however, that Congress did accede to President Reagan's key request for an exemption to provide \$100 million in military and economic aid to the Pakistani government of President Mohammed Zia ul-Haq. The money, a down payment on a six-year, \$3.2-billion program, is intended to improve relations with that strategic country. Such aid has been barred since 1979 by a law preventing assistance to any country that imports enrichment technology that can be used to produce bomb-grade nuclear fuel, which Pakistan does.

Even the exemption for Pakistan was not without strings: Congress provided only a six-year waiver, for the life of the aid program.

Congress also required the president to send a secret report to Capitol Hill if he should use the waiver for any other country dealing either in unsafeguarded technology for enrichment or reprocessing radioactive materials to make bomb-grade fuel.

Another new provision gives Congress the authority to block any presidential waiver of this ban on aid, if the House and Senate vote to disapprove the president's action within 30 days.

Warsaw Says Work Starts

(Continued from Page 1)

hunger strike in protest against bad conditions.

Articles in Trybuna Ludu and the armed forces newspaper Zolnier Wolnosci also said that there could be no place in a Socialist system for Solidarity in the form it took before Dec. 13, when the military government took power and banned all unions.

But the newspapers, quoted by Warsaw radio, added that there was certainly room for a union activity according to Solidarity's statutes and observing a law on trade unions being drafted by the parliament.

The newspaper said that it was difficult to answer the question: "Whether and under what conditions it is possible to form Solidarity in the future?"

It said that the main factors to be considered were that the Communist Party was responsible for all that had happened in Poland, that the self-managing and independent trade union movement was created by the will of the working class and that Solidarity was being built in a true and not a simulated struggle.

Trybuna Ludu said that the struggle for Solidarity was not over, and that the opponent in the struggle remained "the anti-Socialist political opposition."

Doubts on Economy
WARSAW (Reuters) — Despite claims by the military government that Poland's economy is returning to normal, independent observers here said Monday that industrial production was still only at 50 to 60 percent of capacity.

A commercial attaché at a Western embassy calculated that martial law has cost Poland between \$50 million and \$100 million a day in lost production since the military seized power three weeks ago.

The observers attributed some of the losses in production to external factors, notably the shortage of raw materials, spare parts and technical assistance from the West.

In Zurich, Poland's Western bank creditors without any direct word from Warsaw since before Christmas, said Monday that they could not confirm a report that Poland had found funds to pay overdue interest on their debts.

A report Sunday from Vienna, quoting Western sources in Warsaw, said that Poland had found the \$350 million it needed, apparently from within the Soviet bloc.

With credits drying up as Poland faced default on \$16 billion it owes Western commercial banks, Western diplomats said that some sectors of industry would be devastated.

"With virtually no credits now from the West, Poland's industry is going to fall in on itself," a diplomat said.

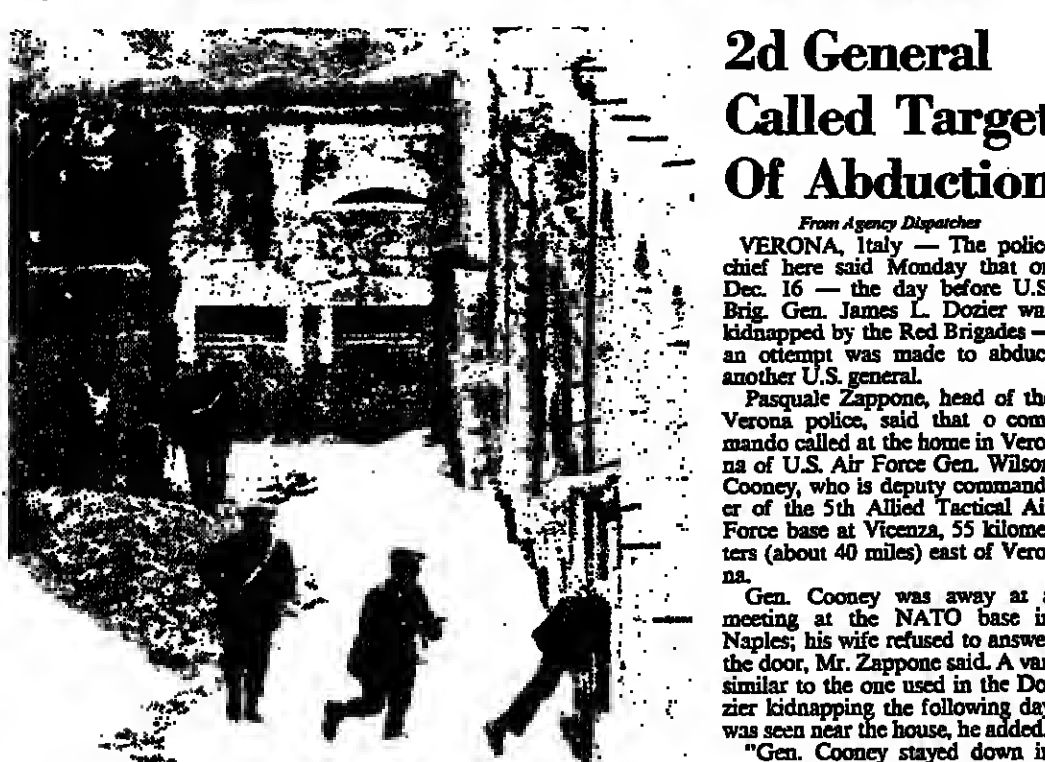
Iraq, Southern Yemen Agree to Resume Ties

Beirut — Iraq and Southern Yemen have agreed to exchange diplomatic envoys after a break of more than two years, the Iraqi news agency reported Monday.

The two countries recalled their respective ambassadors in June, 1979, following the assassination of a dissident Iraqi professor, Tawfik Rushdi, in Aden.



Police inspect debris caused by an explosion outside the women's prison in Rovigo, Italy, Monday. Terrorists blasted a hole in the wall; four women guerrillas escaped amid submachine gun fire.



Carabinieri, hunting for the Red Brigade kidnappers of U.S. Brig. Gen. James L. Dozier, searched an abandoned World War I fort in Breonio Valpolicella, north of Verona, Italy.

SDP Expected to Pick Jenkins as Candidate

LONDON — Roy Jenkins, favored by some to lead Britain's Social Democrats, was tipped by political sources on Monday to contest an unexpected by-election and make an early return to Parliament.

The parliamentary vacancy occurred as the first cracks appeared in the Social Democratic Party alliance with the Liberals, forged in September six months after Mr. Jenkins and three other former Labor Party ministers formed the new party.

Alliance negotiations to choose about 600 candidates for the next general election, due by 1984, were abruptly suspended, and the two partners traded insults in a public slanging match.

Scotland's longest-serving member of Parliament, Sir Thomas Galbraith, 64, died on Saturday after a long illness. He had held the Glasgow seat for the ruling Conservative Party since 1948 and was knighted by Queen Elizabeth II on Thursday.

Declined Comment
Mr. Jenkins, 61, the only one of the four founding Social Democrats without a seat in Parliament, has said that he is eager to get back before the next party chooses a leader next autumn. But he declined to say whether he would contest the Glasgow seat.

"I am sorry but I am saying nothing," he said as he left his country home for discussions on the question in London. An SDP spokesman said that Mr. Jenkins would not wish to say anything publicly until after the funeral of Sir Thomas.

Alliance officials in Glasgow said that they would meet on Friday and that there was a strong possibility that Mr. Jenkins would be invited to run.

The alliance has won the last two by-elections in Britain in impressive victories and claims that it has emerged to break the two-party system that has seen power alternate between Labor and the Conservatives.

Mr. Jenkins served in Labor governments twice as home secretary and once as chancellor of the exchequer. As president of the European Commission from 1977-80, he was chief executive of the European Economic Community.

Paper Urges Him to Run
The Daily Express Monday urged Mr. Jenkins to seize the opportunity at Glasgow and to assume what it said he and most others regarded as his rightful position — first leader of the Social Democrats and the alliance candidate for prime minister.

"He ought to be in Parliament," the conservative newspaper declared, adding, "The country's present political situation requires no less."

The SDP's chief negotiator, William Rodgers, and Liberal Party leader David Steel agreed to meet on Tuesday to try to resolve differences over the division of parliamentary seats between their two parties.

The disagreement, caused by the refusal of some Liberals to stand down in favor of Social Democratic candidates, blew up into an angry exchange over the weekend.

In a New Year's message last week, Mr. Steel criticized what he said were excessive SDP demands and said that both sides of the alliance must avoid arrogance and bluster. He described the weekend rift as a temporary "hiccup."

New Egyptian Cabinet Sworn In; Economy, Security Top Priorities

CAIRO — President Hosni Mubarak on Monday swore in Premier Fuad Mubieddin and 33 members of a new Cabinet that will concentrate on boosting Egypt's economy and tightening internal security.

Mr. Mubieddin, 55, a politician and radiologist, formed the Cabinet Sunday, one day after being designated premier by Mr. Mubarak. Mr. Mubieddin was first deputy premier in the outgoing Cabinet which Mr. Mubarak headed.

Immediately after the oath-taking ceremony, Mr. Mubarak met with the entire Cabinet.

The reshuffle was Mr. Mubarak's first attempt to revamp the government he took over from President Anwar Sadat, who was assassinated on Oct. 6. In all, nine ministers were ousted.

1,500 to Be Freed
In another apparent distancing from the Sadat past, the newspaper Al Akhbar said about 1,500 people detained after religious violence in June will be released before Jan. 7, the day on which Christians and Muslims celebrate the birth of Christ and

Mohammed — an occasion that happens only once every century. Officials said Mr. Mubarak gave up the premier's job to devote greater time to his presidential duties.

Foreign Affairs Minister Kamal Hassan Ali and Defense Minister Lt. Gen. Abdel-Halim Abu-Ghazala kept their portfolios, indicating there would be no shift in Egypt's foreign policy of peace with Israel.

A significant change in the new administration was the removal of Nabawi Ismail from the post of interior minister to the less sensitive portfolio of deputy premier for public services and minister of local government. Before Monday's meeting, Mr. Mubarak presented Mr. Ismail with the Collar of the Nile, in appreciation of his efforts to "maintain order and stability."

Mr. Ismail has come under fire in parliament because of his handling of home security over the past few years during a period of sectarian strife, mass arrests of political opponents and religious extremists, and the eventual assassination of Sadat. Mr. Ismail has contended that Sadat shrugged off his repeated warnings that Muslim extremists were planning to kill him.

WORLD NEWS BRIEFS

China Rejects Vietnam Cease-fire Bid

PEKING — China on Monday dismissed as hypocritical a Vietnamese proposal for a cease-fire during the Lunar New Year — from Jan. 30 to 29 — on the border between the two countries. But it said peace could be reached at any time if Hanoi ended what the Chinese news agency charged was "military provocation" in the border area.

The agency said China planned to mark the new year by returning 11 Vietnamese soldiers and fishermen. On Dec. 28, Vietnam announced that it would release 11 Chinese soldiers so they could join their families at the New Year. They are to be freed on Jan. 15, when China plans to release its captives.

China and Vietnam fought a border war in February and March, 1979, and since then each side has accused the other of repeated border violations.

Seychelles Airport Almost Repaired

VICTORIA, Seychelles — The fighting in November at Mahé airport between Seychelles troops and mercenaries trying to overthrow the government caused \$2 million in damage but repairs are now almost complete, the minister for economic planning, Maxime Ferrari, said Monday.

"We have been patching right and left because the most important thing for us is to try and restore our tourist industry," Mr. Ferrari said. "Most of December was a disaster but since the last week in December all our hotels have been full." He added that he had obtained commitments from the European Economic Community, West Germany and Sweden for help in repairing the airport.

The fighting in Mahé, the main island of the Seychelles archipelago, started after customs officers spotted weapons hidden in the mercenaries' luggage. After a battle in which the airport control tower and arrivals building were severely damaged, the mercenaries hijacked an Air India jet to South Africa.

Brandt Pessimistic Over Cyprus

NICOSIA — Willy Brandt, leader of the West German Social Democratic Party, warned the world Monday against ignoring the problem of Cyprus, the northern part of which has been occupied by Turkey since 1974.

"What I have come to realize most clearly is that if the international and European community ignore the Cyprus problem they will be acting against interests with a more general meaning," Mr. Brandt declared in an address to the Cypriot House of Representatives after spending 10 days on the island.

Asked about his personal evaluation following talks with President Spyros Kyprianou and other officials and his contacts with people on both sides of the dividing line, Mr. Brandt said he felt there was "accumulated mistrust and lack of confidence," adding: "Only if some more confidence is regained is there a reasonable chance [of a settlement], but I am not too optimistic."

Ulster Police Chief Rebukes Officers

BELFAST — Sir Jack Hermon, Northern Ireland's police chief, disclosed Monday that "hard-line" officers tried to set up a breakaway force to fight the IRA.

Sir Jack, 53, said "a small number" of militant officers in the predominantly Protestant police made the move at a meeting last month of the central committee of the police federation. He said the attempt was "heavily defeated" by the committee.

Federation sources reported in November that, at the same meeting, a motion of no confidence in Sir Jack was defeated by only one vote. Sir Jack's disclosure was contained in a letter to federation chairman Alan Wright. Sir Jack claimed the move was "a calculated attempt by a small number of persons to act in an improper manner without a mandate from the membership of the force and without regard for the consequences."

U.K. Miners Urged to Permit Strike

LONDON — The leadership of Britain's 250,000 miners Monday called on them to authorize a possible strike, threatening a conflict with Prime Minister Margaret Thatcher's Conservative government.

Leftist militant Arthur Scargill, president-elect of the National Union of Mineworkers, has already said the pay dispute is shaping into a repeat of 1974 when the miners brought down Edward Heath's government. The union is demanding a raise of 23.7 percent to lift the minimum weekly pay to £100 (about \$185).

The union's leadership, in a special issue of its newspaper, urged miners to authorize a strike "if necessary" in secret ballots on Jan. 14 and 15. The union negotiators need 55-percent approval but are looking for a bigger mandate in the expectation that the mere threat of a strike will be enough to force the nationalized coal industry to come up with more money.

Singapore Plans End To Foreign Work Force

SINGAPORE — Workers from India, Bangladesh and Sri Lanka employed by manufacturing industries will have to leave Singapore by December, 1984, as part of a drive to phase out foreign workers by 1991, Prime Minister Lee Kuan Yew has announced.

"We can see what has happened in Britain, France and even West Germany, because they used immigrants — whether West Indians or Africans or Turks or Yugoslavs — to do those heavy and tough jobs. They have inherited grave social problems," Mr. Lee said Saturday in a New Year's message.

He said the workers from India, Bangladesh and Sri Lanka, who number about 30,000, will be permitted to work in shipyards and construction industries and as domestic servants for the next four or five years.

Official figures put the number of workers from traditional labor sources, such as Malaysia, Indonesia, the Philippines and Thailand, at 122,000, although the actual number is believed to be closer to 150,000. Singapore's work force totals 950,000.

Serious Labor Shortage
The city-republic faces a serious labor shortage. About 90,000 workers are currently needed in the construction, hotel and manufacturing industries.

Singapore recruits about 1,500 workers from the Portuguese colony of Macao to work in the construction industry.

The government has offered tax incentives for mechanization and automation by labor-intensive industries, and for the hiring of married women. It also has extended the retirement age from 55 to 60 or 65 to reduce dependence on foreign workers.

Mr. Lee noted that the Japanese do their own "heavy and dirty jobs. They have no social problems or riots, instead they have high productivity from their homogeneous work force."

He said some skilled foreign workers will be allowed to become permanent residents, and eventually citizens of Singapore.

W. German Worker Breakdown
MUNICH (AP) — Nearly 10 percent of West Germany's legally registered workers are foreigners, the Bavarian minister of social affairs said.

Of the 21 million employees eligible for social benefits under West German law, about 2 million are foreigners eligible for benefits

DEATH NOTICE
WILLI, Harold on December 23, 1981, beloved husband of Libby Goldstein, Will, loving father of Patricia Will, Judith Will, and Victoria Will, adored grandfather of Mark and Pamela Rosenblatt, and Eric and Lisa Levy. Mr. Will was senior partner of the International law firm, Loeb, Will & Mahony, President of the Helen Rubinstein Foundation, and Life Governor of New York Hospital.

مكتبة الامم المتحدة

Reagan Wants Commerce Chief To Share in Nuclear Arms Policy

By Walter Pincus
Washington Post Service

WASHINGTON — President Reagan would like Commerce Secretary Malcolm Baldrige to participate with Defense Secretary Caspar W. Weinberger in decisions relating to nuclear weapons, according to administration sources.

The idea is reflected in Mr. Reagan's proposal to transfer a \$6-billion program for building nuclear weapons from the Department of Energy, when and if it is dismantled, to the Commerce Department. Mr. Weinberger opposed that proposal, arguing that the weapons program would then have to compete with the Commerce Department's civilian programs for funding.

Mr. Reagan's decision was irritating not only to Pentagon officials and Capitol Hill military experts but also to scientists and officials throughout the nuclear weapons community who believe that the transfer of the building pro-

gram was urged by Energy Secretary James B. Edwards and officials of the Office of Management and Budget who they said did not understand the size and varied activities of the program.

Fight Expected in Congress

The White House has formed a task force that includes Mr. Baldrige, Mr. Edwards and Edwin Meese 3d, the presidential counselor, to take another look at the weapons program and organize the transfer, according to a Reagan aide. The White House is aware, this aide said last week, that it faces an uphill battle for congressional approval of a plan to implement the president's decision.

Mr. Baldrige's department would undergo a change if Congress were to approve the president's proposal. The nuclear-weapons building program would account for almost 75 percent of the Commerce Department's fiscal 1983 budget, which the Office of

Management and Budget is drawing up with the assumption that the change will take place.

According to White House sources, Mr. Baldrige did not seek the program, which is run by the Energy Department. It was handed to him after a Cabinet council study chaired by Mr. Edwards recommended that it be placed in either the Interior or Commerce departments. Mr. Weinberger, according to White House sources, was not included in the study and got into the picture only on his own initiative, late in the process. He and his deputy, Frank C. Carlucci, opposed the notion of putting the program in Commerce or any other civilian department.

Rare Loss for Weinberger

In the final Cabinet committee session, with the president listening, the defense secretary strongly advocated that the nuclear-weapons complex be made either independent or part of the Defense Department.

It has been one of the few bureaucratic battles requiring a presidential decision that Mr. Weinberger has lost.

Capitol Hill critics said that the decision was tilted toward Mr. Baldrige — "a rising star in the administration," according to one source — because the commerce secretary's frequent horseback-riding trips with the president have made him a favorite of Mr. Reagan.

In addition, they said, Mr. Baldrige is looking for things to do since budgetary cutbacks have eliminated some of his grant programs and reorganization has separated others. Mr. Baldrige came to Washington hoping to play a role in the administration's financial policy-making but, like many commerce secretaries before him, was quickly shut out.

A senior government scientist said recently that the Commerce Department "is not a viable place" for the weapon-building program "if the president is serious about it."

Primary Complaint

His statement was primarily intended as a response to Mr. Edwards' reasoning that the Commerce Department was chosen because of its experience in handling scientific programs such as the National Bureau of Standards.

Most critics are concerned with the weapon program's ability to compete with civilian programs for funds in a civilian agency. Critics have complained that since the Atomic Energy Commission folded six years ago the weapons complex has not been able to get enough funds to keep its World War II facilities modernized or safe.

The nuclear-weapons complex includes laboratories at Los Alamos, N.M., and Livermore, Calif., and the associated Sandia laboratories. It also consists of five manufacturing and assembly plants that produce the parts for all nuclear warheads. It also runs the Nevada nuclear testing site, a research facility where enormous amounts of high level nuclear waste are stored.

The four production reactors in Richland, Wash., and Savannah River, S.C., are part of the complex as are nonweapons testing laboratories in Idaho and Chicago.

ons physicist at Los Alamos nuclear laboratory in New Mexico, did not give any examples of less productive areas.

But in previous talks he has singled out science education programs at the National Science Foundation as unproductive and said that planetary exploration programs produce less "hard science" than other parts of the U.S. government's space science budget.

He said some areas will be cut disproportionately so that other areas may be maintained at high levels of funding, including basic research in the physical and biological sciences.

Mr. Keyworth said the United States can no longer expect to "be pre-eminent in all fields, nor is it necessarily desirable. The idea that we can't be first across the spectrum of science and technology is not simply a function of our current economic situation. The fact is... the rest of the world is catching up."

He said this is a result of U.S. efforts since World War II to help other countries and should be regarded not as a U.S. failure but as "a major success of our social values."

In a related event, a report by association staffers outlined the effects on science of the Reagan budget and the congressional action following it.

In general, said Willis Shapley of the association, Congress went along with Mr. Reagan's first round of budget cuts in March but rejected those in September, when the president asked for an additional 12-percent, across-the-board cut.

The Reagan cuts represent a sharp turn downward in science funding, a decline of 5 percent after adjustments for inflation. This reverses the trend of slight increases during the Carter administration.

The only area of increase is in defense research and development spending.

Reagan's Science Aide Defends Budget Cuts

By Philip J. Hills
Washington Post Service

WASHINGTON — The government must seek out the "less productive research areas" in science and sharply cut their funds, President Reagan's science adviser said in addressing the American Association for the Advancement of Science.

In his speech Sunday night, George Keyworth defended the Reagan budget, saying abundant funding may not produce good science and "it can even promote mediocrity rather than stimulate excellence."

The 1982 budget cut sharply into basic research programs, putting some to near zero but leaving others with only small cuts.

When science funding was more plentiful, Mr. Keyworth said, there was a tendency "to add resources to the best research areas, but not to take money away from less productive research areas, even if they have passed the days of their most important and exciting work. We can no longer afford that luxury."

Mr. Keyworth, a former weap-

Iglesias Abduction Remains Mystery

The Associated Press

MADRID — Carlos E. Iglesias, the brother of pop singer Julio Iglesias, said Monday that he had still received no word about their father, Dr. Julio Iglesias Puga, who was apparently abducted last week. No one has claimed responsibility for the kidnapping.

Dr. Iglesias, 46, a gynecologist, was last seen Tuesday by the janitor of his Madrid clinic, who said the doctor left the clinic with two men.

Julio Iglesias and his mother were at the singer's home in Miami awaiting news of Dr. Iglesias. Carlos Iglesias said Sunday that his father has a circulatory problem and needs medication.

Racial Calm Prevails in Atlanta Murder Trial

Lack of Turmoil Attributed to Advances in Rights, Shift in Power Structure

By Wendell Rawls Jr.
New York Times Service

ATLANTA — Two and a half decades ago, in a small town in Mississippi, a black teen-ager from Chicago, who was visiting relatives, whistled at a white woman and was later abducted at gunpoint by two white men. Several days later the boy's body was found in a river, a bullet in his skull.

Two suspects, who were said to have told a sheriff that they had abducted the boy but released him unharmed, were prosecuted by a white district attorney and defended by a white lawyer before a white judge. To the surprise of no one, an all-white jury acquitted them. Blacks throughout the South and, indeed, the nation were enraged, and Emmett Till's death became one of the building blocks of the civil rights movement and blacks' demands for equal justice.

Last week, in another murder case, Wayne B. Williams sat in an Atlanta courtroom and intently watched his attorneys and the district attorney interrogate potential jurors. He is accused of slaying two of Atlanta's 28 missing and murdered young black people, the most sensational series of crimes in the city's history.

In the courtroom and on the streets outside, however, calm has prevailed. The lack of turmoil, several prominent blacks said, can be attributed to the social upheaval wrought by the civil rights movement and the resulting changes in the power structure in this center of the Deep South.

They noted that the defendant and the murder victims, Nathaniel Carter, 27, and Jimmy Ray Payne, 21, were black. The man who led the murder investigation and authorized Mr. Williams' arrest, Public Safety Commissioner Lee

Patrick Brown, is black. The chief of police is black. The special agent in charge of the Atlanta office of the FBI, which assigned about 40 agents to the investigation of the murders, is black.

Although the district attorney, Lewis Slaton, is white, Mr. Williams' chief defense attorney, Mary Williams, is black. The Fulton County Superior Court judge presiding over the trial, Clarence Cooper, is black. He was popularly elected to his office, as was Atlanta's black mayor, in a city whose population is two-thirds black.

Other members of the municipal power structure, including the superintendent of Atlanta's public schools, are also black. At the time of the killings, the president of the Chamber of Commerce was also black.

"Atlanta is one place where we've made the system work, where representative government is a reality," Andrew Young, the new mayor, said. "And it is clear that the presence and involvement

of a black power structure in the city is the reason why Atlanta responded to this, the murders and the trial, with confidence that justice will be done."

The current calm is not a good thing in all respects, according to Charles H. King Jr., president of the Urban Crisis Center, a private-run organization here that consults on race relations in urban settings.

Deadening of Sensitivity

"Violence and death are such a large part of the black experience," he said, "anger at the alleged murderer tends to be minimized. For a black to kill other blacks in such great numbers is outside the black experience, so we are mystified more than angry. And the mothers of the victims cheapened the deaths of their children by their commercialization and exploitation, so that took away from us some of the grief and mourning we could feel for them and removed our right to cry."

"But I worry that the level of calm in the black community is an indication that we have become inured to violence and death, that somehow there has occurred a deadening of our sensitivity to death," he said.

Many residents remember the reasons for such paranoia. Mr. Young, who was a trusted assistant to Martin Luther King Jr., a congressman and the chief U.S. representative to the United Nations under President Jimmy Carter, said that his father recalled seeing lynchings of blacks in Louisiana and days when "there was no such thing as law and order for blacks."

While deeds of miscarried justice involving the poor and the black continue to occur in portions of the South, Mr. Young said he believed that was past in Atlanta. "There has been an accommodation of blacks and whites, socially, economically and politically, that I don't think works like this any place else in the world," Mr. Young said.

Floods Kill 15 in Brazil

RIO DE JANEIRO — Heavy rains during the weekend triggered mudslides and flooding, killing at least 15 persons, Brazilian civil defense authorities said Monday.

Yugoslavia Said to Close Some Missions Abroad

The Associated Press

BELGRADE — Yugoslavia, in an attempt to cut costs, is to close temporarily at least eight embassies and two consulates abroad and to reduce staff at a number of others, Politika, a Belgrade newspaper, reported Monday.

The moves are expected to save nearly \$2.3 million a year, it said. Diplomatic duties in the countries affected — which include Madagascar, Senegal, Singapore, Cameroon, the Ivory Coast and Costa Rica — will be assumed by Yugoslav embassies in neighboring countries, Politika said.

In fact, according to Larry Speakes, the White House deputy press secretary, Mr. Reagan agrees with William Bradford Huie, the assistant attorney general for

civil rights, who said that the Weber case had been "wrongly decided" and that the precedent should be challenged in an appropriate case.

Mr. Speakes said the president objected to the affirmative action plan approved by the Supreme Court in the Weber case because the plan contained "a rigid racial quota," in Mr. Speakes' words.

Unanimity Cited

The confusion arose in part because Mr. Reagan said he was unfamiliar with the Weber case. A reporter then summarized the case for the president, noting that it concerned a "voluntary agreement to conduct affirmative action programs for training minorities and moving them up in the work force."

Mr. Reagan then said: "Well, if this is something that simply allows the training and the bringing up so there are more opportunities for them, in voluntary agreement between the union and management, I can't see any fault with that. I'm for that."

The discussion omitted the details of the plan adopted by Kaiser to increase the representation of black in skilled craft from which they had been historically denied. The plan created an on-the-job training program that reserved 50 percent of the openings for black employees until the percentage of black workers in the plant was commensurate with the percentage of blacks in the local labor force. This arrangement led to the selection of some black employees with less seniority than some white employees who had unsuccessfully applied for the training program.

The president and the Department of Justice find this racial quota unacceptable," Mr. Speakes said, adding, however, that "the president does favor voluntary affirmative action programs."

The program in the Weber case was voluntary, according to the Supreme Court. The Civil Rights Act of 1964 did not require but did permit such "race-conscious" remedies, the court said. Further, it said, Congress chose not to prohibit affirmative action measures such as the Kaiser program because it did not want the U.S. government to interfere with "traditional management prerogatives."

Mr. Reynolds said the Reagan administration agreed with Justice William H. Rehnquist's dissenting opinion in the Weber case. Justice Rehnquist said that "Kaiser's racially discriminatory admission quota is flatly prohibited by the plain language" of the 1964 Civil Rights law, which, he said, allowed no racial discrimination of any kind in employment.

Replacement Awaited

Mr. Yakushkin's expected return to the Soviet Union has some U.S. intelligence officials watching expectantly for his replacement and what that choice may foretell about the direction and nature of Soviet intelligence operations.

The FBI, charged with counter-intelligence operations and accordingly the chief U.S. spy-watching agency, is convinced that the Russians have stepped up their intelligence efforts here recently. Last month Attorney General William French Smith said that the Russians had dramatically increased their spy work.

About one-third of the Soviet-bloc personnel in the United States assigned to embassies, consulates and the UN or other international organizations are believed to be full-time intelligence officers," Mr. Smith said.

It is this group of spies, estimated by a U.S. official at about 500, that Mr. Yakushkin heads. His replacement will be carefully selected, according to U.S. officials, and the successor's personality and style of operations will provide a good clue to the future of Soviet-bloc activity here.

Retirement Delayed

Mr. Yakushkin, KGB resident here since late March, 1975, is a moderate of refined temperament. He is said to have voiced concerns about human rights issues and the need for arms control. His interests are broad. With a degree in economic science, he is said to keep up with literature and other cultural developments.

Mr. Yakushkin was scheduled to return to the Soviet Union for retirement last year. But he has been held over here, according to officials, for two reasons: his experience provided continuity as the Russians became acquainted with the Reagan administration, and he is close to the Soviet ambassador, Anatoli F. Dobrynin.

Mr. Yakushkin has emerged over the last several years as an extremely important and influential adviser to Mr. Dobrynin — a rare if not unique role for a KGB chief in Washington.

Mr. Yakushkin's wife, Irina, is a translator, but is also a member of the KGB, as is the chauffeur who drives Mr. Yakushkin around Washington, according to U.S. sources.

Mr. Yakushkin has a son, Dmitri D. Yakushkin, 24, who is a correspondent for Pravda in Moscow. Last August, the son visited the United States, but Mr. Yakushkin was in Moscow then, according to officials.

"The father and son did not see

Low Profile KGB Chief To Leave Quietly After 6 Years in Washington

By Bob Woodward
Washington Post Service

WASHINGTON — One of the least-known of Washington's important persons is expected to leave this month after a six-year assignment here. Few Americans have heard his name. He works exclusively behind the scenes, and there is probably no one in the United States whose secrets are more coveted by the U.S. government.

He is Dmitri I. Yakushkin, according to the diplomatic registry one of 10 counselors at the Soviet Embassy. Fluent in English, charming, well-educated and cultured, Mr. Yakushkin is head of U.S. operations for the KGB, the Soviet intelligence service.

With the rank of major general and the title of KGB resident in Washington, Mr. Yakushkin, 58, is the most powerful KGB officer outside the Soviet Union, according to authoritative U.S. intelligence sources.

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"The father and son did not see

each other, the officials said, because the son is for all practical purposes a hostage, kept at home to prevent the father from defecting or doing anything else that the Soviet authorities might disapprove of. Father and son are not allowed outside the Soviet Union at the same time.

As the resident here, Mr. Yakushkin probably knows more about Soviet intelligence operations — including any sensitive penetrations of U.S. government departments or agencies — than any other person in the KGB. Since he served previously for six years as head of the KGB at the United Nations in New York City, his 12 years of U.S. intelligence operations give him unique knowledge and perspective.

His direct contacts with others in Washington are held to an absolute minimum. The Czechoslovak ambassador, Jaromir Johanes, is said to be Mr. Yakushkin's best friend outside the embassy network.

Mr. Yakushkin's first assignment to the United States was in late 1962, when he was briefly part of the Soviet delegation to the United Nations. In July, 1963, he was assigned to the UN delegation as head of the KGB operations. He served there until May, 1969, when he reportedly was put in



Dmitri I. Yakushkin

charge of the Moscow branch of the KGB that deals with intelligence operations in Britain.

Webster Expresses Concern

WASHINGTON (NYT) — The United States, concerned about what it considers a growing espionage threat from Soviet diplomats, has discussed forcing the Soviet Union to cut back the size of its representation in the United States, according to William H. Webster, director of the FBI.

Mr. Webster said Sunday that the main objective of Soviet agents was U.S. technology and that the government was working on programs to inform industry of the dangers, which he said had previously been ignored. Asked about the possibility of cutting the number of diplomats, he said, "It's an option. It has been discussed."

U.S. Fleet Begins Using AWACS in War Games

The Associated Press

NORFOLK, Va. — The Navy's 2d Fleet has begun using AWACS, the Air Force's large radar warning plane, to provide greater protection for its warships in the Atlantic and the Caribbean, according to the commander of the Norfolk-based fleet.

Vice Adm. James A. Lyons Jr. also predicted in a weekend interview that the Navy would increase its presence in the Caribbean, sending two aircraft carriers there from time to time. He did not rule out a permanent Caribbean force, which the Navy has not had for a decade.

Airborne Warning and Control System radar planes provided naval support for 2d Fleet ships in a fall exercise in the North Atlantic and in a Caribbean exercise that ended in December, Adm. Lyons said. The 2d Fleet, with about 65 ships, would fight wartime battles in the Atlantic.

The sale of AWACS planes to Saudi Arabia was a major political controversy last year, with President Reagan winning approval for the deal despite heated opposition in the Senate and House.

The AWACS can detect potential enemies at great distances, allowing carriers to send planes up sooner and intercept the enemy "well beyond the range that they'll be able to launch their weapons against us," Adm. Lyons said.

The Navy has a radar plane of its own, the carrier-based E-2C Hawkeye, but the AWACS jets can fly farther and remain on patrol longer. AWACS planes "have a definite role to play... I think it shows a lot of promise and can be a good force multiplier," Adm. Lyons said.

The planes extend the defense margin for naval battle groups. Adm. Lyons declined to say how far the margin would be extended, but battle groups like to maintain an air defense margin of at least 200 miles (320 kilometers) without AWACS help.

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A Chinese Film on Red Guards Lets Audience Choose Ending

By Christopher S. Wren
New York Times Service

PEKING — Though it opens on a peaceful residential lane, the bittersweet love story is on a prosaic romance. The boy meets and loses his girl against the violent backdrop of China's Great Proletarian Cultural Revolution, which brutalizes them in turn and shatters their future.

The film from Shanghai, "Xiao Jie," or "The Small Street," has touched the emotions of Chinese who lived through that turbulent decade from 1966 to 1976. They are packing Peking's movie houses to laugh, cry and argue among themselves about how the love story should end, for the audience is invited to choose which of three possible endings seems most realistic.

Several previous films, such as "Tales of Heaven Cloud Mountain" and "The Maple Tree," also dealt with individual suffering in the Cultural Revolution, which plunged China into virtual anarchy. But "The Small Street" appears likely to become the definitive treatment, because its believable poignancy concludes on a glimmer of hope, the sort that the authorities want to encourage.

Withheld From Release

Another film on the period, "Unrequited Love," has been withheld from public release. It told the story of an overseas Chinese who came home during the Cultural Revolution and was hounded by Maoist radicals to his death, with his final erratic footprints leaving a question mark in the snow.

Bai Hui, the screenwriter, became the target of a campaign last spring against writers who criticize the Communist Party for its behavior in those years. Bai has since apologized.

"Unrequited Love" was too negative, it ended on a note of total hopelessness," said a Chinese official who has seen both films. "The difference is that 'The Small Street' offers some hope."

Although the release of "The Small Street" was also delayed by some lesser ideological objections, according to a Chinese film critic, its director, Yang Yujin, sidestepped any reference to the party and concentrated on "an ordinary young man and woman who seek genuine beauty under adverse circumstances," as he explained in an interview with a Peking newspaper.

Imaginative Techniques

Yet the painful truth is conveyed through imaginative techniques rare in Chinese films. Tattered Maoist wall posters deface old buildings. Romantic scenes in color are interrupted by jarring flashbacks in sepia or black and white. When Red Guards batter the young man blind, the camera cuts from his bleeding face to the red armbands of his assailants and the gaunt vultures in a nearby zoo.

Such symbolism is not lost on Chinese audiences, judging by a matinee at the Hong Xing (Red Star) cinema here recently. But "The Small Street" is still a love story, though the heroine, played by Zhang Ye, gets only a casual on-camera hug from her boyfriend, played by Guo Kaimin, and insists on calling him "elder brother."

The hero, a bumpy-go-lucky auto mechanic, mistakes her at first for a young boy, because she has cut her hair and concealed her pet figure by binding her breasts with cloth and wearing men's clothing. "It would be nice to have a younger brother like you," he tells her as they practice doing cartwheels. The audience chuckles, aware that the 24-year-old Zhang was voted China's most popular young actress in a magazine poll in 1980.

Later she confides that she had disguised herself

to escape new humiliation. Her cancer-ridden mother was dismissed from her job as a music teacher and accused of bourgeois decadence. As the daughter, the girl had her long, lustrous hair hacked off by jeering Red Guards. When she ventured out to sell the family violin to buy food, bullies yanked off the straw hat hiding her mangled hair.

Moved by her ordeal, her boyfriend tries to buy her a wig, but beauty is no longer permitted, and the surly shop clerk informs him that wigs can be sold only to theatrical performers. Passing an outdoor opera performance, he covets the false pigtail worn by one of the singers and sneaks backstage to steal it.

He pauses with remorse and returns to leave some money, only to be caught by Red Guards. They drag him onto the stage and publicly kick and lash him in the face with a belt, injuring his eyes.

Parade of Victims

As he gropes his way back from the hospital, his face covered by bandages, he must give way to more Red Guards who are parading other humiliated victims. The film flashes back to old news footage of Communist troops advancing in the civil war, and the young man asks himself: "So many martyrs opened the path by shedding their blood. Must we close it again by shedding more blood?"

He finally reaches the small street to learn that the girl and her mother have been evicted and their home sealed up, a common punishment for those running afoul of the Cultural Revolution. No one will say where they have gone.

The young man relates this to a producer who he hopes will tell his story in a film. "But you can't let audiences see it without an ending," the sympathetic producer says.

The storyteller rejects the suggestion that the girl has died as one of the Cultural Revolution's victims, though he assumes that her mother has. So the producer offers three possible conclusions, saying, "Let the audience imagine the ending themselves according to their own experiences."

The Three Endings

In the first ending, the young man, his sight restored, drives a taxi and, dispatched to pick up some all-night revelers, discovers his pristine love smoking, drinking and dancing to decadent Western music. "No one needs us anymore; our generation has become superfluous," she tells him bitterly.

In the second ending, she has become a successful musician in a well-tailored suit and is now a friend of the producer. "The 10 disastrous years took away our youth," she says. "Listen to me, let's go home."

In the third, she is a simple factory worker whom he meets on a train while going home to see his mother, though his eyes are too weak to recognize her. "I've been looking for you all along," she tells him, and, in a sentimental touch that tugs at the hearts of family-conscious Chinese, announces that she will go to see his mother too.

"Let's shed no more tears," he tells her. "We have withstood it all and we have grown up. We are seeing not the end but a new beginning."

At the Red Star cinema, moviegoers seemed to prefer the third ending. "I really liked it," said a pink-jacketed teenager, who wept unashamedly through much of the movie.

A middle-aged worker sat silently with his wife after the lights went on. What had he liked best? "The substance," he replied quietly.

Urban Lights Worry Palomar Astronomers

By Allan Kramer

Los Angeles Times Service
MOUNT PALOMAR, Calif. — The usefulness of Palomar Observatory, home of the world's most famous telescope, is being threatened by light pollution from Southern California's growing urban sprawl.

Ironically, the threat comes at a time when new technology and improvements have made the giant 200-inch telescope at Palomar an even more powerful tool for space research. The telescope has probed farther into space than any other telescope in the world. Since it began searching the sky more than 30 years ago, it has taken astronomers on a journey to the very edge of the universe to view what no man had ever seen before.

But the growing brightness of the night sky is hampering astronomers atop Mount Palomar, 65 miles northeast of San Diego, in their search for the faintest and most distant objects in the universe.

"In order to see the faintest objects in the sky we must now look away from either Los Angeles or San Diego," said Gerry Neugebauer, director of the observatory.

Light Pollution

It is this same kind of light pollution that has greatly reduced the use of the Mount Wilson Observatory, near Los Angeles, whose 100-inch telescope was credited with revolutionizing 20th-century astronomy.

Officials of Palomar and the California Institute of Technology, which operates the observatory, have come up with a three-point program to cut down light pollution. One point calls for keeping within a 30-mile, and still relatively undeveloped, radius of the observatory to a minimum.

Another step is to have all the outdoor lighting pointed toward the ground or shaded so it does not shine into the sky. Coupled with this is a request that much advertising and other needless outdoor lighting be turned off by midnight.

The third step is encouraging the use of low-sodium vapor bulbs for street lighting. This is vital because astronomers are able to filter out light emitted by low-sodium bulbs, something they cannot do with light from mercury vapor or incandescent lamps used for street lighting.

Woman Mayor in Houston

United Press International
HOUSTON — Kathy Whitmire, 35, has been sworn in as the first woman mayor of Houston, Tex. A Democrat, she was elected by a large majority in November.

Neugebauer and Robert J. Bruce, assistant director of Palomar, point out that light-pollution control in San Jose, Calif., near Lick Observatory, and Tucson, Ariz., near Kitt Peak National Observatory, has gone a long way toward solving problems for those two observatories.

Palomar was first scouted as an observatory site in the 1890s. The scientist who made the survey came to San Diego by train, took a stage to the Warner Ranch in East County and rented a horse for a hard ride to the mountain. He reported the astronomical conditions at Mount Palomar were excellent but that it was far too remote to be a practical site.

When the 20th century brought more development and better transportation to the area, Mount Palomar was selected as the site for the biggest telescope ever built. It was at Palomar that the fundamental discovery of quasars (short for quasi-stellar radio source) took place, a discovery that has confounded scientists with dozens of baffling questions.

Palomar was also the scene of fundamental research into another mysterious space phenomenon known as the gravitational lens. And the observatory has also done much work concerned with the formation of stars.

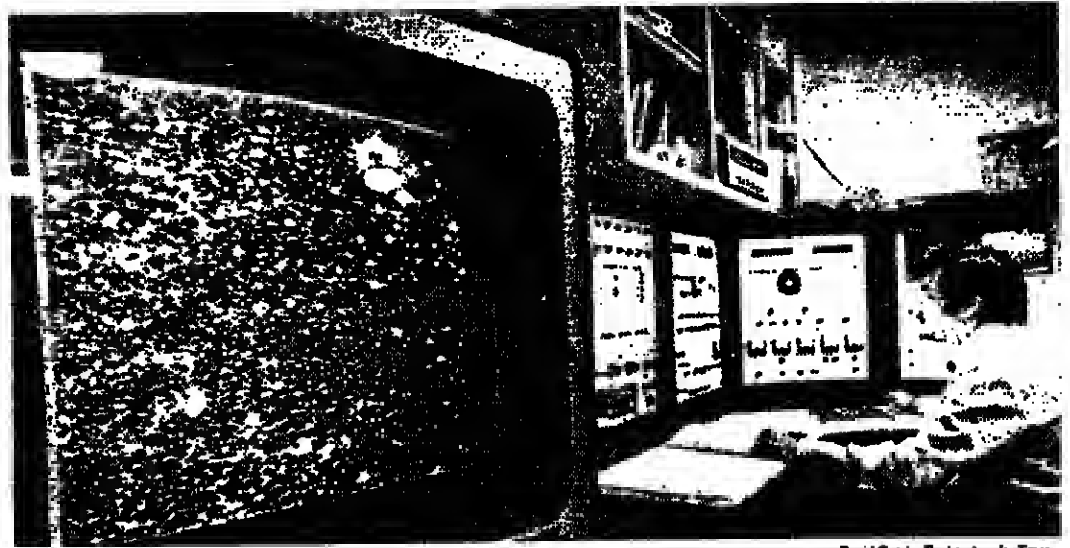
Some of the advanced projects now going on at Palomar include investigation of the faintest objects that can be detected by the improved equipment now being used with the 200-inch telescope. Another program has the observatory studying energy distribution in quasi-stellar formations in cooperation with the International Ultraviolet Explorer satellite.

Still another project concerns the gravitational lens. When a galaxy comes between the earth and a quasar, the galaxy serves as a lens that provides two or three images of the quasar. By studying these images, astronomers hope to learn more about the size of the universe.

New Technology

Much of Palomar's ability to conduct this kind of research is due to the new technology added to the 200-inch telescope. "The telescope itself is no antique," Neugebauer said. "From a mechanical engineering standpoint it is still as good as it ever was. If you wanted to build a new telescope you would look for the blueprints and try and duplicate it."

Such a duplication might be prohibitively expensive, however. The entire Mount Palomar project, begun in 1935, cost \$6.5 million. Most experts believe it could not be duplicated today for 10 times that.



Bob Thickstem works Mt. Palomar's 200-inch telescope as television screen displays view from it.

Woman Heads Paris Metro Police

By Carolyn Lesh
The Associated Press

PARIS — Nadine Joly's life story is the stuff of which television police series are made. At 28, she is bright, witty, attractive, an expert marksman and the top woman cop in France.

She wears no uniform and has never had to use the gun she carries. It is in conservative business clothes and armed with a law degree that she executes her duties as the No. 1 opponent to the criminals who lurk beneath the streets of Paris.

Since November, Commissaire Joly has headed security operations for the Paris Metro, which carries 4 million passengers a day along with an untold number of pickpockets and petty criminals.

Metro Crime Increase

From her office, wedged in between a Metro line and the Seine, Joly directs a staff of 430 administrators and patrolmen who are out to stop the rising Metro crime rate. All but two of her subordinates are men.

"The first reaction of most of the men was just to observe me to see if I was competent," she said during a recent interview. "I really can't say we've had any problems because of my being a woman."

The rarity of the situation, however, has not escaped Joly's sense of humor. A recruiting poster she placed on her office door shows two virile cops and a German shepherd in a woody outdoor scene with the caption: "The National Police — A Man's Job."

"That's not true anymore," she said. "It's an old poster." But not that old.

Women Admitted

Until 1975, women were not admitted to the Ecole Nationale Supérieure de Police, France's prestigious two-year police academy, which graduates only about 100 police commanders a year. It is from their ranks that the police leaders of France generally emerge.

On the other side of the French police hierarchy are the *gardiens de la paix* — uniformed patrolmen who were without female colleagues in their training programs until four years ago. There are less than 150 women among France's 80,000 uniformed policemen. Among the nation's 1,800 police commanders, 43 are women.

It was only by chance that Joly applied for admission to the police academy's class of 1977. "I had just finished my master's in law and I saw a notice at school that applications were being accepted for the Ecole Nationale Supérieure de Police," she policeman recalled. "The timing just seemed

right. It was the first time I ever thought about entering the police profession."

The daughter of a winemaker from the Champagne region, Joly and about 200 other women applied. Eight women and 102 men were admitted.

"I've never belonged to any Women's Liberation movement. I find them rather extremist," she said. "But feminists have made positive contributions. I might have found it impossible to enter the Ecole Nationale when I did if the women's movement hadn't been around."

Head of Security

After her graduation from the academy, Joly went to work in the administrative sections of various police districts in Paris. She was the deputy to a district chief when she was appointed head of security for the 353-station subway system.

"Crime on the Metro has been on the rise in the past few years," Joly said. "The worst problem is with robberies." She pointed to charts behind her desk that showed that in September, there were 259 robberies — a 72 percent

increase on the year before and a whopping 123 percent higher than the September rate two years ago.

"To fight the increase, we've beefed up police patrols in the Metro during the hours when the highest proportion of crimes are committed," she said. "We're also trying to get the public to cooperate more when a crime's been committed, but you know there are a lot of people out there who don't want to get involved."

There were 803 violent crimes in the Paris Metro last year. By comparison, the New York subway system, which handles about 3 million passengers a day, recorded 13,675 major crimes, including 20 murders, last year, New York Transit Authority officials say.

"We rarely have a murder on the Metro," Joly said. "It's over been more than three or four a year. Perhaps it's because we have gun-control laws in France."

An expert marksman, Joly said she sometimes likes to take a breather from her work day by sharpening her skills with a bit of target practice. "It's amazing how much stress you can work off with an hour of shooting," she said.

West German Wine Fetches A Record Price at Auction

By Colin Narbrough

MAINZ, West Germany — The prince of Prussia, great-grandson of Kaiser Wilhelm II, recently set the world record for a price tag on a white wine, German or otherwise, at the estate winegrowers' annual auction here.

A bottle of 1911 Erbacher Markobrunn Riesling from the prince's Rhineland Schloss Reinhartshausen vineyard fetched 11,000 marks (\$5,000). The previous record was 7,200 marks, paid three years ago for a Mosel.

Count Erwein Matschke-Greifendel, chairman of the estate winegrowers' association, regards the prices German wines command nowadays as a tardy but welcome recognition of their quality. Aged French Bordeaux have by contrast auctioned for fabulous sums for years.

"The belief is still widely held that white wines do not keep. But, not long ago, I demonstrated to French wine experts in Paris that Rhine wines from the last century are still perfectly drinkable and even retain an excellent bouquet," the count said. He underlined the point by selling a bottle of his more ordinary vintage 1862 wine for 4,100 marks.

"What is offered at our auctions are not normal, commercial wines, but highly sophisticated products that cannot possibly be made economically, or in large amounts," he said.

Bought to Drink

Surprisingly, these rare and costly wines are not merely collected as museum pieces. Many are bought to be drunk. The restaurant-owner from Essen who bought the world's top priced white wine plans to celebrate his 60th birthday with it.

The second highest price at this year's auction — 5,100 marks — was given for a 1925 Riesling from the estate of Albert Bürklin-Wolf, just ahead of H. Thanisch's Bernkasteler Doktor Mosel.

Paul Alfons von Metternich-Winneburg was one of the titled winegrowers among the "also rans" with a relatively cheap wine from his Schloss Johannisberg vineyard. The estate was a gift from the imperial Hapsburg family to his ancestor, Prince Metternich, for setting up the Congress of Vienna at the beginning of the last century. The Hapsburgs set the condition that they get a tenth of the produce. But their descendants today prefer to take it in cash, not bottles.

Budget Cuts Endanger W. German Canal Plan

By Colin Narbrough

BONN — The linking of the Rhine and the Danube rivers, a project started in the 1960s, faces an uncertain future because of government funding cuts and opposition from environmentalists.

The plan, dating from the 1920s, is to connect the upper reaches of the Main, a Rhine tributary, to the Danube just above Regensburg. Only a 22-mile (36-kilometer) length of the 105-mile canal remains to be built.

West German Transport Minister Volker Hauff, a declared supporter of the railroads, has called the canal "the most stupid project since the Tower of Babel."

Other opponents warn that completion of the waterway will cause ecological disaster in the Altmühl Valley, one of West Germany's few areas of unspoiled countryside.

A total of 1.8 billion Deutsche marks (\$800 million) has been spent since work started in the mid-1960s. Finishing the canal will cost about 1 billion Deutsche marks at current prices, but the government, seeking funding cuts in all areas, has voted only 100 million Deutsche marks for the coming year.

The canal would link the vast waterway networks of the Rhine and Danube river basins and allow 1,400 ton barges, the standard European canal vessels, to travel between the North Sea and the Black Sea.

Fears that the canal would open the Rhine and West European waterways to an influx of cut-rate barge operators from Soviet-bloc countries along the Danube appear unfounded.

Kurt Gosen, a spokesman for the German Inland Shipping Association, sees no real problem in restricting the operations of East European vessels.

"International treaties regulate the use of the Rhine and the Danube, but legal experts are convinced that access to the connecting waterway can be limited by German law," he said.

Viability Doubt

The Bonn government's opposition to the canal stems from its commitment to a transport policy that gives railroads top priority and its desire to cut public spending. It provides two-thirds of the funds for the project.

Furthermore, Chancellor Helmut Schmidt's left-liberal Cabinet seeks at all cost to avoid new clashes with environmentalists. The coalition is already engaged in damaging clashes with ecologists over nuclear power and the construction of an additional runway at Frankfurt airport.

Transport Ministry predictions indicate that traffic levels on the canal would be much lower than earlier forecasts, throwing the

canal's commercial viability into doubt. But the inland shipping industry is less pessimistic and believes that it is impossible to forecast waterway use while the project is threatened with being cut.

The landlocked federal state of Bavaria, through which the canal would run, is the canal's staunchest defender.

Deadline Abandoned

Franz Josef Strauss, the Bavarian state premier, one of Chancellor Schmidt's harshest critics, has repeatedly attacked the federal government's growing reluctance and reminded it of its formal accord with Bavaria to construct the canal.

The company building the canal argues that it would be senseless to call off the project now because of the huge investment made on it.

The original 1985 deadline was abandoned long ago. Few people involved in the scheme are prepared to forecast when, or if, the two rivers will be coupled. But Toni Mayer, leader of an anti-canal group, anticipates holding it up well into the next century.

Advocates of the canal emphasize that, besides improving West Germany's infrastructure, it would generate electricity and feed spillover water from the Danube to drought-prone regions.

King Ludwig I of Bavaria built a narrow Danube-Main canal in the last century, only to see it overtaken by the railroad. Remnants can still be seen alongside the new 55-meter-wide canal.

Archbishop Lists Salvador Deaths

The Associated Press

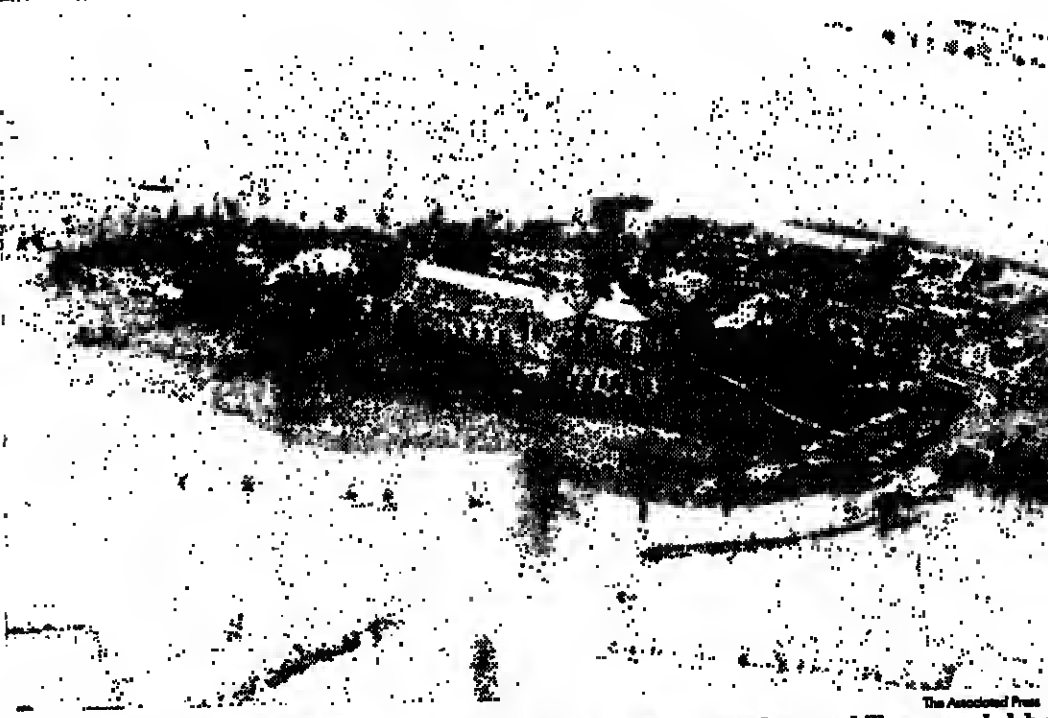
SAN SALVADOR — Arturo Rivera y Damas, acting archbishop of the Roman Catholic Church here, has said that there were 11,723 deaths from political strife in El Salvador in the first 11 months of 1981.

He added in his weekly homily on Sunday that the majority of the victims were non-combatant peasants. Archbishop Rivera y Damas said that he based his figure on reports from the archdiocese of San Salvador, the Red Cross and the Human Rights Commission.

Church and human rights groups estimate that about 35,000 people have been killed in fighting since an October, 1979, coup installed the current U.S.-supported junta.

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HIGH AND DRY — Tewkesbury Abbey in central England stands on a hill surrounded by floodwaters of the Severn River. Thousands of acres have been inundated by rains and melting snow and ice. The most seriously affected regions are in the counties of Yorkshire and Cumbria.

After Steady Falls, TB Rate in U.S. Rises Sharply; Immigration Blamed

By Jay Mathews

Washington Post Service
LOS ANGELES — A huge influx of immigrants from Asia and Latin America has sharply increased the tuberculosis rate here and in other cities, a change so drastic it has reversed what was a steady decline in tuberculosis cases nationally.

In addition, health workers say, cuts in health budgets and stiff registration rules have discouraged immigrants from seeking treatment for the disease, greatly increasing their chances of exposing other people.

Rose Schlichter, program director for the American Lung Association office here, said Los Angeles County will report about 2,000 new cases for 1981, a 30-percent increase over 1980. "We have not seen figures like this in two decades," she said.

"The national steady decline in tuberculosis cases has stopped," said Dr. Laurence Farer, tuberculosis control director for the Center for Disease Control in Atlanta. He estimated that 1981 cases would total more than 28,000, a slight increase over 1980, despite a steady decline in the tuberculosis rate among most sections of the American-born population.

Tuberculosis rates have also risen in other cities with large numbers of immigrants, such as San Francisco. In the Washington area, public health nurses in Arlington County report that they monitored 84 percent more cases of tuberculosis in 1981 than 1980

because of the heavy inflow of immigrants.

About 7 percent of tuberculosis cases in the United States occur among new immigrants, Dr. Farer said — a much higher percentage than their proportion of the population. "These are people coming from countries who have low living standards and poor health conditions," he said. Perhaps 6 percent of all Americans, 10 million to 15 million people, are infected with the tuberculosis bacterium. Few of those ever contract the disease, but the percentage of immigrants with the bacterium is much higher, as much as 50 percent in some surveys, he said.

The danger of immigrants spreading the disease has increased because of cuts in health services and fear of deportation among illegal immigrants, Miss Schlichter and Dr. Farer said. The names of any persons applying for state assistance to pay for treatment at public health clinics in Los Angeles are sent to immigration officials, "so it scares the hell out of

Russia Hit by Cold Wave

The Associated Press

MOSCOW — Arctic air has swept into the northern half of the Soviet Union, dropping temperatures to minus 26 degrees Celsius (minus 15 degrees Fahrenheit) in Moscow on Sunday. Readings rose slightly to minus 23 degrees Celsius (minus 9 degrees Fahrenheit) at noon Monday. The cold wave was the first of the season after an unusually mild December.

(Continued on Page 8)

Mild Decline in Dollar Likely in '82

By Paul Lewis

PARIS — The dollar is likely to continue its recent slow decline against other major currencies during 1982, but will still remain high by historic standards, bankers and economists agree.

They also believe that 1982 may lay the foundations for a major decline in the dollar's value if, as some forecasters expect, the United States begins to record large international payments deficits while West Germany and Japan resume posting their traditional surpluses.

Whether this drop depends on several unknowns, including the depth of the economic slowdown in the United States, events in Poland and whether U.S. interest rates turn sharply higher again as the economy recovers.

Between October, 1980, and last August, the dollar rose almost 10 years of steady decline in value against other major currencies, rising some 30 percent against the Deutsche mark and by 13 percent against the Japanese yen, according to calculations by the Morgan Guaranty Trust.

Limited Decline

Since then, a partial unwinding of the factors behind this swift ascent has caused the dollar to lose about a third of its earlier gains, falling some 11 percent against the mark and the yen, as U.S. interest rates declined and West Germany eliminated its payments deficit.

The dollar will tend to weaken some more over the year, but it will be a very limited decline, said Ulrich Schröder, chief economist at the Westdeutsche Landesbank in Düsseldorf.

A December poll of 14 leading West German, Japanese and U.S. banks by Financial Report, a banking newsletter published by

Dollar Recovers; Gold Below \$400

From Agency Dispatches

LONDON — The dollar recovered Monday in trading in Europe and New York from early lows after falling sharply against the yen in Tokyo in the first session of 1982.

However, a bearish attitude towards bullion sent the price of gold tumbling to \$393.50 an ounce in Zurich and \$395.50 in London, down from an \$400.50 opening in both centers, unchanged from Thursday's close. Markets were closed Friday for the New Year's holiday.

In Tokyo, selling pressure started coming from Hong Kong and Singapore, and European interests joined the sellers in late trading as the dollar dropped to close at 217.80 yen from its 219.80 opening and the 220.25 finish Thursday, the last session of 1981.

The dollar's softness continued in early European trading in anticipation of lower U.S. interest rates. But as the day progressed, the dollar recovered from early lows, aided by a firmer federal funds rate and a demand for the currency by Chicago's International Monetary Market, dealers said.

The Economist magazine in London, showed general agreement that the dollar is likely to slip a little lower by midyear. The average dollar exchange rates forecast for mid-1982 were: marks, 2.09; French francs, 5.56; Swiss francs, 1.80, and yen, 211.

The principal reasons given are the likelihood that U.S. interest rates still have further to fall, signs that the United States is heading into a balance-of-payments deficit and the strengthening in the current account position of West Germany and Japan.

Deficit Concerns

Yet forecasters agree that all of these depressive influences on the dollar are limited. While U.S. rates may fall further this year, they are likely to remain almost as attractive, compared with those available on other major currencies, as they were last year. Japanese rates are already far lower than in other industrial countries, and, as West Germany's payments position improves, the central bank will be

able to reduce rates without endangering the mark.

Moreover, economic recovery in the United States later in the year is likely to bring that renewed tightening of credit so frequently forecast by Henry Kaufman of Salomon Brothers.

And Rimmer de Vries of Morgan Guaranty said, "It is not at all unlikely interest rate differentials will again move favorably for the dollar during 1982."

Yet the anticipated continuing strength of the dollar, which penalizes U.S. exporters while reducing the cost of imports, threatens in time to bring about a rebirth of the big U.S. current account deficits.

The Organization for Economic Cooperation and Development expects the U.S. current account to reach a surplus of \$10 billion, at annual rates, during the first half of this year before deteriorating rapidly to deficits of \$4.75 billion in the 1982 second half and \$15 billion in the first half of 1983.

Meanwhile, West Germany may move from a \$8-billion deficit in

1980 into surpluses of \$1.75 billion this year and \$3.5 billion, at annual rates, in the first half of 1983.

Such an immense shift in the relative payment positions of the United States and West Germany clearly threatens to place new strains on the mark-dollar rate. Moreover, such strains can only be accentuated by the very large predicted rise in Japan's surplus from \$5.5 billion in 1981 to \$17 billion this year and \$23 billion in the first half of 1983 at an annual rate.

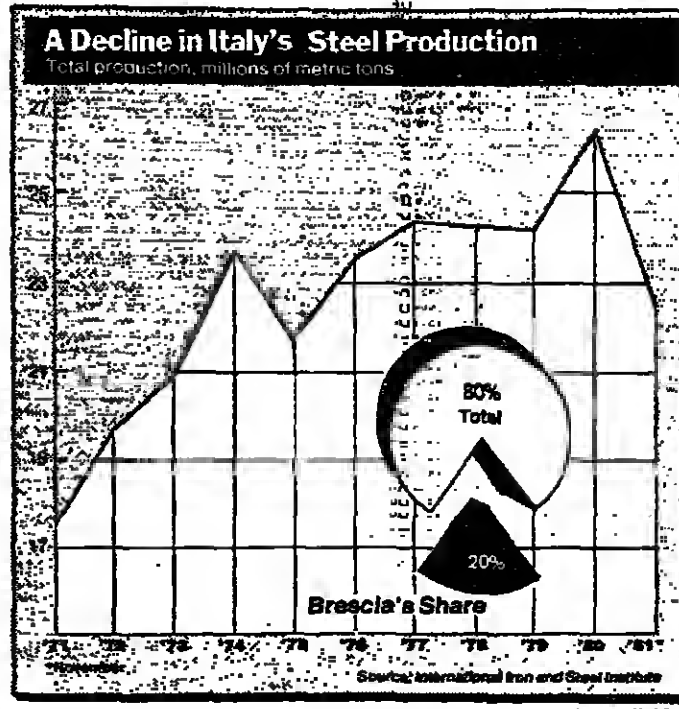
Classical Theory

"The obsession with interest rates is leading people to forget the impact of current-account divergences on exchange rates," warned Brendan Brown at the Amer Bank in London.

Classical economic theory holds that such a big divergence in the current-account positions of the United States, West Germany and Japan should bring about a self-correcting change in exchange rates, with the dollar falling sharply while the Deutsche mark and the yen appreciate.

At a recent OECD meeting of top monetary officials to discuss the West's payment problems, Sylvia Ostry, the organization's chief economist, suggested that so long as the U.S. Federal Reserve keeps its tight money policies and the Federal budget is in deficit, any upturn in the U.S. economy will set off another interest rate explosion, possibly lifting the dollar and pushing the economy back into recession.

The last year has also shown that East-West tensions tend to help the dollar by prompting a flow of funds out of Western Europe and into the United States. Thus any further deterioration in the Polish situation could also bring about a strengthening in the dollar.



Steel Crunch Pinches Small Italian Makers

By John Tagliabue

BRESCIA, Italy — The small, mostly family-owned steel mills that surround this northern Italian city have for years been an integral part of the industry and a force in the European steel market.

As Finisider, the money-losing state steel company, slowly trudged along, swallowing billions of dollars in state aid, these backyard mills, called *bresciani*, have prospered through heavy investment in cost-cutting technology.

The heavy days, however, have apparently come to an end for Brescia and its 65 little mills, which account for about one-fifth of Italy's steel production. Many have reported sharply lower profits, and even losses, because of rising prices for scrap iron and the energy for their electric furnaces.

They have also been hurt by producers in India, Brazil, South Korea and South Africa, which have built their own small steel plants. The extra supply from these countries has depressed prices and driven Italy out of some markets.

"Some of the weak will fall," said Luigi Lucchini, owner and president of one of the strongest of the *bresciani*.

Mr. Lucchini himself has been feeling the pinch: His mill's profits plummeted to 1980, to 380.4 million lire from 1.9 billion lire the year before. Sales slipped to 93.4 billion lire from 107.3 billion.

Steel has been a tradition in Brescia ever since the Romans began smelting the iron ore they found in the region. Iron and steel has also attracted other lucrative industries to the area over the centuries, including the Beretta family, one of Europe's oldest industrial dynasties, which has been using the city's fine steels to manufacture weapons since 1526.

whose success has given buoyancy to the Italian economy over the years, was born after World War II, when the lack of wood and the high cost of other building materials such as finished steel forced Europeans to use reinforced concrete on a large scale to rebuild their bombed-out cities. This caused a huge demand for steel reinforcing bars.

Mr. Lucchini's company produced 100,000 metric tons a year, Commission officials said.

Prices Gain on NYSE; Money Supply Rises

From Agency Dispatches

NEW YORK — Prices on the New York Stock Exchange closed higher Monday with most of the gains achieved in the last hour due to projections of a flat or slightly lower M-1 money supply, to be released after the close.

But the Federal Reserve reported that the broader definition of the money supply, the M-1-B, rose \$1.4 billion in week ending Dec. 23, while the narrower money supply, the M-1-A, increased \$1.7 billion.

The Federal Reserve said it will discontinue reporting the M-1-A measure starting with the figures for the week ending Jan. 6. The M-1-B measure will be renamed M-1 and the M-1-A measure as adjusted for shifts to interest-bearing checking accounts will be discontinued.

Stock trading had been slow throughout most of the day due to investor concern about rising interest rates and the economic outlook. Declines in the money supply could lead to further interest rate declines.

The Dow Jones industrial average, two to three points higher most of the day, accelerated its rally near the close to finish up 7.52 points to 882.52.

Advances led declines, 940 to

EEC Approves Aid To Steel Industry

From Agency Dispatches

BRUSSELS — The EEC Commission has approved new financial aid of up to the equivalent of \$1.32 billion to steel companies in Belgium, France and Italy, the Commission said Monday.

State aid to European steel companies has become a focus of a heated dispute between West Europe and the United States, with Washington attempting to get an agreement with the EEC to curb steel exports to the United States to prevent growing protectionism.

Also, U.S. steel companies have threatened to file dumping suits against several West European companies, charging that the state subsidies allow European steel makers to compete unfairly in the U.S. market.

For Belgium, the Commission approved a government injection of 9.3 billion Belgian francs (\$240 million) to the ailing Cockerill-Sambre steel company as part of the firm's restructuring plans.

The Belgian government will transform 5.2 billion Belgian francs of existing debt into share capital in Cockerill-Sambre and extend a further loan of 4.1 billion Belgian francs at market rates, the Commission said.

The government aid will be supplemented by a 850 million Belgian franc loan from the European Economic Community to help finance Cockerill-Sambre's investment and modernization program. For its part, the Belgian steel company has agreed to cut its annual production of long steel products by 700,000 metric tons a year, Commission officials said.

The EEC is seeking to reduce production in the community to avoid massive price undercutting by steel makers to maintain sales in a shrinking worldwide market.

The EEC action will allow Cockerill-Sambre to cover cash flow problems in the first months of the year, but the Belgian government will need further authorization before going ahead with additional aid under its steel restructuring plan, they said.

However, the Commission said it still has not approved the Belgian government's plan for restructuring the steel industry. It said talks between Belgian and Commission officials are continuing.

For France, the Commission approved emergency loans of 4.43 billion French francs (\$770 million) to Usinor and Sacilor steel companies as emergency aid but imposed tough conditions on the French government, the officials said.

The Commission demanded monthly reports on payments to the companies and on the state of their finances, ruled that no cash can be paid out after June 30 and insisted that the French government start talks on restructuring the steel industry by the end of March, they said.

The Commission also gave the Italian government authority to increase the capital of Finisider, an holding concern controlling the largest public steel groups, by 350 billion lire (\$290 million) as the first stage of a restructuring program, the officials said.

Finisider will cut its output as part of the program, they said.

BUSINESS NEWS BRIEFS

James River to Buy American Can Units

Reuters

GREENWICH, Conn. — American Can Co. said Monday that it had tentatively agreed to sell part of its domestic paper businesses to James River Corp., a specialized paper products manufacturer, for cash and stock totaling about \$420 million.

The packaging and consumer products distribution company said the proposed sale includes its Dixie cup and plate, towel and tissue, and folding carton businesses in the United States. The assets have a net book value of about \$335 million.

American Can said it would receive about \$330 million in cash and the remainder in James River common and redeemable preferred stock of a James River affiliate exchangeable into James River common for a total of about 21 percent of the votes represented by the then outstanding James River stock.

Shearson-Amex to Buy Seattle Securities Firm

The Associated Press

NEW YORK — Shearson-American Express Inc. has agreed to acquire F&M Corp., the parent of a Seattle securities firm, in a cash and stock transaction valued at \$76 million, American Express Co. announced Monday.

American Express has offered 1.1 million shares of its common stock, worth about \$48.5 million, and about \$27.5 million in cash for F&M, whose principal subsidiary is Foster & Marshall Inc., a regional investment banking firm, said American Express Treasurer George Sheinberg.

He said American Express hopes to complete the deal, subject to regulatory approval, during the first quarter of this year. The newly acquired business would be named Foster & Marshall-American Express Inc. and would be an autonomous unit of Shearson-American Express.

Firms Get Order for N.Z. Oil Cracking Plant

Reuters

TOKYO — A U.S.-Japanese consortium said Monday that it has won an order worth more than \$900 million to build an oil cracking plant at Wanganui, New Zealand, capable of processing about 50,000 barrels of oil a day.

Badger Co. and Chiyoda Chemical Engineering & Construction Co. will construct the plant for the New Zealand Refining Co., a joint venture established by British Petroleum, Caltech, Mobil and Shell.

Xerox Lowers Sale Prices on Some Copiers

The Associated Press

ROCHESTER, N.Y. — Xerox Corp. said Monday that it cut the U.S. prices of three of its low to mid-volume copying machines an average of 25 percent, effective Jan. 1, and has increased service contract rates for all copiers and duplicators by 2 to 10 percent, effective April 1 or the renewal dates of current contracts.

It said rates for customers who lease copiers remain unchanged. With the moves to encourage purchases rather than leases of its machines, officials said, the company expects to increase revenues from copiers and duplicators by 4 percent in 1982 and to strengthen its position in the low to medium volume part of the business.

IATA Says Member Airlines Could Lose \$1 Billion in '82

By Tony Austin

GENEVA — The International Air Transport Association believes its 113 member airlines could have operating losses of as much as \$1 billion in 1982 unless they control costs and reduce the number of seats available.

In 1981, they lost about \$900 million on scheduled international operations.

The most pessimistic forecast by Geneva-based IATA economists is that members could lose up to \$1.1 billion this year. But they also say airlines could make a profit of \$420 million if the growth in seat capacity is kept to 2 or 3 percent.

"The final figure will probably end up somewhere between these two extremes," IATA spokesman John Brindley says.

Either way, high interest charges mean debt repayments are likely to cost the airlines \$1.6 billion in 1982 compared with \$1.2 billion last year, and they will be looking to profits from hotels and other subsidiaries to make ends meet.

They will also be re-examining fares, especially on the transatlantic routes, and some companies want rises.

The industry's hopes of bringing some stability to transatlantic routes may depend on a meeting on Jan. 12 in Miami, at which airlines will discuss a U.S. proposal for fare bands within which carriers could raise or lower tariffs

Japan Ponders Change In Yen's Global Role

By Urban C. Lehn

AP-Dow Jones

TOKYO — As the currency of the non-Communist world's second-largest economic power, the Japanese yen is surprisingly uninternationalized.

Only one-third of Japan's exports and almost none of its imports currently are paid for in yen. The European market is growing, but still totals only the equivalent of about \$15 billion, compared with Eurodollar holdings of about \$650 billion. Similarly, the city of Tokyo has lagged behind the development of the Japanese economy in its growth as an international capital market.

In almost every instance, these seeming anomalies can be traced to restrictions imposed by the Japanese government.

Now there is talk of easing some of the restrictions and expanding Japan's international financial role. The feeling is widespread in financial circles that the movement in that direction is inevitable.

How far and how fast Japan will move are still open questions, for the current situation reflects a deeply engrained Japanese preference that important financial decisions be made by bureaucrats rather than by free markets.

Japanese officials say they are studying removing the restrictions preventing Tokyo from serving as an offshore banking center, and they deny impeding the internationalization of the yen.

But the offshore banking center study could take a long time. Kiichi Watanabe, vice minister of finance for international affairs, notes that it is still an informal, preliminary study that does not include members of the Finance Ministry's tax bureau, who are known to be skeptical of the idea.

And some officials say there are some obvious governmental restrictions on the yen's internationalization.

For example, a long list of companies and governments have signed up to float yen-denominated "Samurai" bond issues in Tokyo, but the Finance Ministry, which is always concerned about Japan's balance of payments, allows only one or two such sales each month.

"Any number of offshore borrowers would like to be borrowing yen now to take advantage of Japan's very attractive interest rates, but the Finance Ministry quite strictly regulates this up," said Eric Hayden, a Tokyo-based vice president of Bank of America.

Other restraints are more subtle. For example, a Japanese importer

of crude oil would be able to avoid foreign-exchange risk if he could pay for the oil with yen. And his supplier of oil in the Middle East might want to diversify his assets from dollars to include some yen. So why are almost none of Japan's imports denominated in yen?

Mr. Hayden contends that the reason can be found in the indirect effects of Japanese government regulations.

The Bank of Japan's limits, imposed for money-supply control and bank-regulatory reasons, on how much Japanese banks may lend domestically leave "little incentive for Japanese banks to provide yen-credit financing," he said.

From the oil supplier's point of view, the problem is the lack of attractive yen-denominated investments in which to use any yen they receive, as Japan lacks the range of financial markets common to advanced free economies.

To convert now to a market system would probably mean higher interest rates for the government at a time when it is working to cut expenses. Mr. Watanabe suggested that such a move will not be considered until after the government succeeds in reducing its budget deficits substantially.

Because so many of the restrictions have similar roots, much of the interest focuses on the possibility of creating an offshore banking center in Tokyo.

Many of the 66 foreign banks operating here and some of the (Continued on Page 9, Col.1)

World Bank Rise In Fees Expected

The Associated Press

WASHINGTON — Directors of the World Bank will vote at a closed meeting Tuesday on increasing the fees it charges for loans to poor nations, officials said Monday.

The 21 directors, representing 145 member governments, are expected to agree to the recommendation by A.W. Clausen, the president of the bank.

Officials, who asked not to be named, said a 1-percent fee instead of the present 0.75 percent, will be charged for future loans made for as long as 50 years.

The loans are used for building roads and improving schools and farming. Though the change seems small, it could raise the total cost of a \$100 million loan by a \$1 million over its life. No other interest is paid on such loans.

CURRENCY RATES

Interbank exchange rates for Jan. 4, 1982, excluding bank service charges.

	U.S.	£	D.M.	F.F.	Y.	S.F.	Sw.	Sc.	N.F.	S.P.	D.K.
Amsterdam	2.482	4.705	109.72	4.205	0.2003	—	6.644	137.72	21.37	21.37	—
Brexit	2.482	4.705	109.72	4.205	0.2003	—	6.644	137.72	21.37	21.37	—
Frankfurt	2.482	4.705	109.72	4.205	0.2003	—	6.644	137.72	21.37	21.37	—
London (C)	1.000	—	—	—	—	—	—	—	—	—	—
London (D)	1.000	—	—	—	—	—	—	—	—	—	—
Paris	1.000	—	—	—	—	—	—	—	—	—	—
New York	1.000	—	—	—	—	—	—	—	—	—	—
Switzerland	1.000	—	—	—	—	—	—	—	—	—	—
Stockholm	1.000	—	—	—	—	—	—	—	—	—	—
Osaka	1.000	—	—	—	—	—	—	—	—	—	—
Yokohama	1.000	—	—	—	—	—	—	—	—	—	—

(Continued on Page 9, Col.1)

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

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AMEX Nationwide Trading Closing Prices Jan. 4

Tables include the nationwide prices up to the closing on Wall Street

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**FOR A
MAXIMUM
RETURN
ON
TIME
INVESTED.**

**FOR READERS WHOSE LIVES
ARE BIGGER THAN NATIONAL BOUNDARIES.**

International Herald Tribune

We've got news for you.

International Herald Tribune
We've got news for you.

Blighted Rose Bowl

By Jim Murray
Los Angeles Times Service
LOS ANGELES — Some guys get to cover Rose Bowl games where guys run the wrong way or an unknown comes off the bench in the darkness to throw four straight passes and score on a team that had never been scored on. They get to see Rockne and the Four Horsemen and Ernie Nevers and all, or they see a play called "K-F-79" that lets an Ivy League team win.

Me, I got Washington and Iowa. It didn't even have the decency to be close.

Oh, it was all right if you're crazy about punts. It wasn't as one-sided as the 28-0 score, but it was almost that boring. Iowa made more mistakes than a guy playing the horses with the bank's money. Colleague Mark Heister put the game in its proper perspective in the third quarter. "It is," he said, "as bad as the box lunch."

The better team won, but that's not saying much. Iowa, which had closed practices, threw in too. They should have thrown open the practices to the public and kept the game secret.

I thought the most interesting part of the 68th Rose Bowl was that the Iowa coach had a moustache. I've never seen a football coach with a moustache. The way his team played, I don't expect it to start a trend. I don't know where he got his game plan. In a box of Crackerjacks, I'd guess. It's the first time a team got shut out in the Rose Bowl since the players wore high-button shirts. Truman was still in the White House.

I still wish someone had run the wrong way or one of the coaches had been Pop Warner, but one more game like Iowa threw in and we may go back to inviting Washington & Jefferson or Harvard. And even though everyone ran the right way, we may come day the saying, "Well, the thing I remember about that game was it was the debut of [running back] Jacques Robinson."

"Nobody'd ever heard of him and he was the guy who, on the practice field, was used to simulate the enemy's plays — initiating a Heisman Trophy runner — and he ran wild against Iowa that day, killed them all by himself."

One for Hotdiggers
The moral of the story? Any guy who can do a successful imitation of Marcus Allen, you better get the football to him. He may get to rank with Doyle Nave or the Four Horsemen but, of course, he can never top wrong-way Roy Riegels in my book. I'm still smarting about missing that one.

It was a concessionaire's game. You could go out for a hot dog and not miss much. You could go out for a seven-course meal, if you want to know the truth.

The turning point of the game was probably when Washington showed up but, apart from that, it came with only a minute to play in the half. Washington was leading, 7-0, and had the ball on the 19-yard-line, second down and 10 to

go. Their quarterback faded to pass and he threw a ball that, when last seen, was heading for the golf course outside.

For reasons best known to himself, Iowa defender Lou King tackled an eligible receiver in the end zone. Even if the man had the ball it would be too late. Washington got the ball on the one-yard line and it only took them three plays to get it in for six points.

"And Then We Kicked Off..."
"Very, very embarrassing," Iowa Coach Hayden Fry admitted later. "We thought we'd win. And then we kicked off..." He added: "We played an extremely poor football game."

The score made it look like a mugging. Coach Fry put the lie to that. "They weren't real sure they could beat us till late. Then they put it to us."

The game was like a fight between two English heavyweights — all defense.

Robinson imitated USC's Marcus Allen so well the Washington coaches couldn't tell the difference. Either Robinson was really Rich Little or he had a lot of ability. They found a place for him in the lineup in the USC game, and he led the team in ground gained even though it was the middle of the third quarter before he got there.

In the final game of the regular season, against Washington State, he put his team in the Rose Bowl with 92 yards on 17 carries.

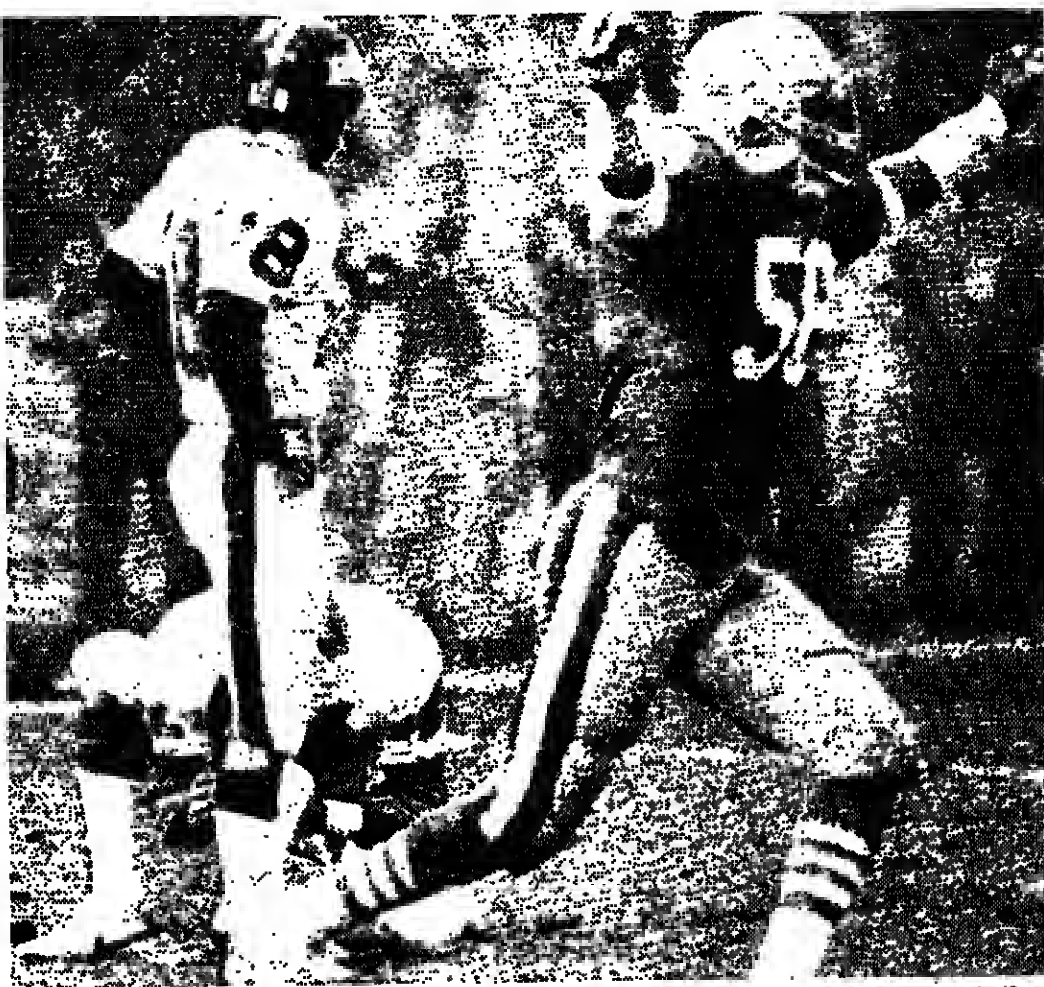
Part of Robinson's problem was that he didn't know whether he wanted to play basketball, football, baseball — or go out for the Olympics. He can high jump, sprint and dribble, and he broke the Rose Bowl wide open with 142 yards in 20 carries. He scored one touchdown with a 34-yard run, another on a one-yard drive.

Big Gainer
Curiously, his picture was not included in the pressbook brochure nor in the Rose Bowl brochure. But the pressbook one listed "Jacques Cornelius Robinson, 5'11, 185." The Rose Bowl book listed "Jacques Cornelius Robinson, 5'11, 204 pounds." He didn't grow any taller but life must have been good at the training table.

Fifty years from now, it's doubtful anybody will be sitting around fondly discussing the 1982 Rose Bowl or likening it to the Doyle Nave year or the Vow Boys or the Riegels run, but it may be remembered as a What's-So-Smart-About-Football-Coaches' game.

The player of the game, by unanimous vote, was a freshman who was so lightly regarded he was posing as Marcus Allen on the "scout team" late in the season. A "scout team" is an euphemism for the live tackling dummies who sharpen up the varsity by posing as personnel of a team they will face that week. Less squeamish schools call it the "meat squad."

That was Jacques Cornelius Robinson's role the week before the USC game. A kind of complicated sparring partner.



49er linebacker Keena Turner (58) exulted after Giants' Joe Danelo blew a key field goal Sunday.

Ex-Champ Basilio Still Has Punch

ROCHESTER, N.Y. — No one ever questioned Carmen Basilio's courage. Certainly not anyone who saw the little onion farmer from Canastota, N.Y., beat Sugar Ray Robinson Sept. 23, 1957, in rafters-packed Yankee Stadium for the middleweight boxing championship of the world.

Or when he lost it back to Robinson six months later in Chicago, his left eye swollen shut, looking like a plum, in a 15-round decision. He wept from his good eye.

Or that he was afraid to speak his piece. He told Howard Cosell in the 1950s, when Cosell was a radio reporter, "You can't interview me. I don't like you."

Basilio's sense of humor had 330 diners at a recent banquet of accountants here roaring. "This is our biggest crowd in 10 years," said Bill Nealon, a public relations man for the group. "I'm used to performing before sellout crowds," snapped Basilio, who now works for a Rochester brewery.

"I feel about as out of place on this rostrum as a guy with a hernia in a weightlifting contest," Basilio told his audience.

Elaborating on television's controversial Cosell: "By the way, Cosell and I have become friends. He's said some nice things about me and I try to say nice things about him. But it's tough. He's so full of it."

"Cosell's an attorney, you know," Basilio continued. "He interviews people like he has them on a witness stand. Makes them look like fools. Where you goin' without a sense of humor? Without a sense of humor, you're nothing."

On the serious side, Basilio says today's sagging economy will produce good prizefighters. "You're going to see some good young fighters," Basilio said. "Hunger — for food as well as money — made a lot of great fighters in the old days."

Basilio's comments on some of the game's current names:

Gerry Cooney: "The next heavyweight champ — in March. He'll beat [Larry] Holmes. If he's handled correctly he should make a bundle. He's 6-foot-6, only 24 years old and a good puncher. Holmes is 34 and too heavy."

Sugar Ray Leonard: "Very best of the young crop. He's too quick for the rest of 'em. Never saw a welterweight so fast, so quick. Great eyes and he's smart. I saw him beat [Tommy] Hearns in Vegas. I predicted it. Cosell and all those smart guys thought Hearns was going to get Leonard with his right."

Hearns couldn't hit Sugar Ray in the rear end with that right. I told Cosell that and he told me I was senile.

"You saw what happened."

Wilfred Benitez: "He's good. He's smart and he's quick. But something is lacking. Maybe aggressiveness. He'll never beat Leonard in 100 years."

Robert Duran: "Nobody ever paid a fighter two days before he performed. That's what happened when he called it quits against Sugar Ray in New

Orleans. Duran got his millions in advance. Very suspicious. Let me tell you — no well-conditioned fighter gets cramps. If you're in shape that's ridiculous. A yellow streak maybe, but never cramps."

Muhammad Ali: "It's an ego thing. They say he needs the money. He's made a hundred million in his career. You mean to tell me he couldn't have saved

five? Basilio, 54, backed off only slightly when asked to compare today's fighters with those of yesteryear. "That's tough," he said. Any resentment at not having had a shot at today's megabuck purses? "Nah."

Still, Basilio feels he was denied a shot at a huge purse by 1950s standards by Robinson's unwillingness to meet him in a rubber match.

"Robinson ducked me for a third fight," Basilio said. "It was a dumbest thing he ever did. He could have made a quarter of a million bucks in a rematch. But he picked Paul Bender instead. Not only did he make a crummy \$62,000 — he lost the title."



Carmen Basilio ... In 1956.

Miller, in Playoff, Wins Golf's Richest Prize

The Associated Press

SUN CITY, Bophuthatswana — With a routine par on the ninth hole of a sudden-death playoff Sunday, Johnny Miller of the United States subdued Spaniard Seve Ballesteros to win the biggest prize ever in the history of golf in the Sun City Million-Dollar Golf Challenge.

Miller won \$500,000 when Ballesteros three-putted from 50 feet.

Both men finished the regular 72 holes tied at 11-under-71, each having shot a 1-under-71 on the final day's round. Ballesteros collected \$160,000 as the runner-up.

Jack Nicklaus, who missed the playoff by a stroke, finished with a first-round 69 for a 278 total on the 7,693-yard Gary Player Country Club course. Nicklaus, after birdies on four holes on the back nine, came to the 72nd hole needing only a par to join Ballesteros and Miller. But he missed the green, chipped three feet past the hole and missed the comeback putt. Nicklaus won \$130,000.

Lee Trevino and host Gary Player, the only others in the invitational five-man field, weren't in the chase after the second round. Trevino won \$110,000 and Player had to settle for \$100,000.

"Doing it this way is pretty close to earning it," Miller said with a weary smile after struggling for seven hours and 27 final-day holes. "I've got a little confession to make," he said. "When we were coming up to that last hole, I was hoping they'd come out and call it all even and split the money."

"Nobody deserved to lose that playoff."

But Ballesteros, a 24-year-old Spaniard who had led or shared the lead all the way, missed a four-foot second putt that would have extended the playoff to another hole — and another day. With darkness descending, officials had decided that play would be called if the outcome were not determined on the ninth playoff hole.

Both birdied the first extra hole, the par-3 16th. Then they teed off a string of seven consecutive



Johnny Miller ... Pretty close to earning it.

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49ers Win, Face Dallas Next

By Bob Oates
Los Angeles Times Service

SAN FRANCISCO — In the second quarter of a tough fight with the New York Giants at Candlestick Park Sunday, quarterback Joe Montana stepped back and threw a bomb to wide receiver Freddie Solomon for a 58-yard touchdown.

"That's the way the San Francisco 49ers play. And it was them a big National Football League playoff game — one that will bring the Dallas-Cowboys here Sunday to decide the National Conference crown and a berth in Super Bowl XVI."

"But because the Giants went at it the same way — three TD strikes by a young quarterback Scott Brunner — the 49ers didn't win by all that much. It was 38-24 at the end of a duel in the rain."

"The difference was that we controlled the ball when we had to and moved it most of the afternoon," said 49er Coach Bill Walsh. He was asked about the upcoming confrontation with Dallas. "Tut-tut," Walsh mused.

In a subdued locker room, Giant Coach Ray Perkins predicted: "Dallas will win. They're a better team, and they've been in this situation before."

The 49ers have not. But they got some useful pressure experiences when New York rushed them in the first quarter touchdown passes, 7-7. Then, in the 49ers' 17-point second quarter, two breaks, a fumble and an interception enabled them to drive 68 and 41 yards to a 24-10 halftime lead.

But even that was not enough. Back came Brunner with the only touchdown play of the third quarter, another bomb that left the 49ers ahead — 24-17.

And the momentum seemed to change for good when the Giants moved 64 yards to the San Francisco 11-yard line.

There, however, the 49er defense made a turning-point stand — holding back Rob Carpenter to six yards on two runs, rushing Brunner into a third-down incomplete and finally pressuring Giant kicker Joe Danelo into a missed field goal.

At last, the 49ers put it away with two fourth-quarter touchdowns, taking a 38-17 edge before Brunner got the Giants their last, meaningless points.

"We were able to hold our cool in the third quarter," Montana said, "when things weren't going our way. We didn't panic because we knew we had been able to move the ball."

Said San Francisco cornerback Ronnie Lott, who seemed to have the better of it in his rookie-of-the-year debate with New York linebacker Lawrence Taylor: "It was a pleasure to win a physical game — the most physical I've been in as a pro."

Nobody but Perkins voiced certainty that San Francisco will lose to Dallas. Most of the NFL scouts in the press box seemed willing to give the 49ers a chance.

Brunner Demurs

And a poised Brunner said: "The 49ers can beat the Cowboys if they contain Dallas' front four. Montana has become one of the best quarterbacks in the league."

"The 49ers have developed a successful, innovative style that sticks you apart."

A view from the defensive side — Bill Currier, the Giants' head-coaching safety.

"Can't say whether the Cowboys or the 49ers are a more potent team offensively. Dallas is a very impatient team that likes the big play and the quick score. San Francisco uses the pass as a ball-control measure and can run out of time on the clock. They have a very complex offense."

The Giants hung in with the 49ers because Brunner looks like all the quarterback anybody needs. Completing 16 of 37 passes for 290 yards against a pass defense rated among the NFL's best — he threw for touchdowns to Ernest Gny, (77 yards), Johnny Perkins

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(59 yards) and Perkins again (17 yards).

Montana completed 20 of 31 for 304 yards and threw three big passes, two of them for touchdowns — to Charlie Young (eight yards) and to Solomon.

His other decisive pass went 39 yards to the NFC's leading receiver, Dwight Clark, setting up Ray Werschling's second-quarter field

goal, a tie-breaking 22-yarder that put the 49ers ahead to stay, 10-7.

Three plays in particular said a lot about Montana, his coach, Walsh, and the 49er offense. It is one of the most sophisticated offenses ever.

On the 58-yard scoring pass, Montana's throw went 41 yards to Solomon, who rode it the last 17. It worked for two reasons.

First, Montana made a polished play-action fake handoff to a running back who was heading directly at New York free safety Beasley Reece. Reece was assigned to aid cornerback Terry Jackson in covering Solomon on that play — but the running-play fake momentarily froze him. It also held up Jackson.

Secondly, Montana's long throw came down precisely on target, surprising those who wondered if he could throw it that far that accurately. Said Solomon: "Joe told me, 'If the defender goes for the [runner's] fake, just keep going.'"

On the 38-yard play (Montana to Clark) leading up to Werschling's field goal, the execution was even more professional, springing Clark into the open on the sideline — a good 10 yards from any Giant. How do Walsh's receivers get so wide open?

The answer, at least on that play, was that against a double defense (each wide receiver was covered by a Giant cornerback and a safety) Walsh sent Clark down the sideline at the same time he sent a 49er back down the middle.

And it was Lott who recovered a Giant aside kick-off when New York was still bidding for a win with 1:30 left to play.

By contrast, Taylor, the Giant candidate for rookie of the year, was heard from only once. He got his only sack when it was second-and-20 for the 49ers and the game was all over.

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